Governance

The governance process of Barclays and reports from each of the Board Committees presenting how the Board support the delivery of the strategy.

Corporate governance report

Dear Shareholder

This is my first report to you, as Chairman, on corporate governance at Barclays. I joined the Board with effect from 1 September 2012, succeeding Marcus Agius as Chairman on 1 November 2012. The context for my appointment was, as is well-known, the changes to the Board in the wake of the announcement in June 2012 of penalties relating to the industry-wide investigation into the setting of interbank offered rates. That announcement, and the events that followed, inevitably dominated the second half of the year and the after effects continue to influence the Board's agenda.

What is meant by corporate governance?

Taking a step back, what is meant by corporate governance? The UK Corporate Governance Code (the Code) is based on the widely-accepted definition of corporate governance as 'the system by which companies are directed and controlled. Boards of directors are responsible for the governance of their companies.' The Code makes clear that corporate governance is about what the board of a company does and how it sets the company's values. That is something that has been brought into sharp focus for Barclays during 2012. Barclays has a well-defined and well-structured corporate governance framework in place to support the Board's aim of achieving long term and sustainable shareholder value. But however robust the framework, it is imperative that it is supported by the right culture, values and behaviours, both at the top and throughout the entire organisation. In 2012, Barclays faced much criticism of the values and behaviours it has demonstrated. We are unanimous as a Board that we must accept this criticism and seek ways in which we can do better in future, with the aim of achieving a leadership position amongst our industry peers. I regard the independent review of Barclays business practices, led by Anthony Salz, which we announced in July 2012, and the work instigated by Antony Jenkins on culture and values as part of the Transform Programme, as providing a solid foundation on which we can build and move forward to become best in class. You will read more about each of these important initiatives elsewhere in the Annual Report and, later in this corporate governance report, Sir Michael Rake, Deputy Chairman and Senior Independent Director, reports on how Board governance responded to the LIBOR announcement.

How is good governance achieved?

Good and effective corporate governance is also very much dependent on the skills and experience of individuals on the Board and how well they work together as a whole to achieve long term value for shareholders. A great deal is demanded and expected of our Directors, particularly given the systemic importance of financial institutions such as Barclays to the global economy and the impact we have on the societies in which we operate. As Chairman, I am responsible for the effective performance of the Board and, in that regard, one of my areas of focus since joining the Board has been to ensure that we have a strong and well-functioning Board, comprised of individuals not only with the right abilities in terms of technical or business experience, but with the personal qualities required to be effective stewards of the business and the dedication and commitment to the company, particularly in times of stress. I was closely involved in the process to appoint a new Chief Executive and I am confident that, in appointing Antony Jenkins, we have the right person to lead the company, to deliver our strategy of becoming the 'Go-To' bank and to implement the significant cultural and behavioural changes that we, as a Board, want to achieve. I have also sought to reinforce the non-executive presence on the Board and to ensure that the Board is both balanced and diverse. We have revisited the range of skills and competencies that we require around the Board table and these are set out on page 50 below. The Board needs to have non-executive Directors with financial services experience but also access to other skills and experiences, particularly in the management of culture and cultural change. Tim Breedon and Diane de Saint Victor have joined the Board as non-executive Directors since I joined the Board and I anticipate that we will make further appointments during the course of 2013.

How is risk management being enhanced?

In looking at the corporate governance structures in place, it is clear to me that Barclays has been well served by having, for many years, a Board Risk Committee focused on credit, counterparty, market, capital and liquidity risk. However, a major source of losses for Barclays and all banks in recent years has been from operational risk and, in particular, mis-selling of financial products. We need to strengthen Board-level governance over these areas in 2013 and accordingly, we have created a Board Conduct, Reputation and Operational Risk Committee. Its responsibilities will include governance over operational risk, conduct risk, reputation matters and Barclays corporate responsibility strategy. It will subsume the current Board Citizenship Committee.

How do Board Committees support good governance?

The report that follows describes how Barclays applied the principles of the Code during 2012. Board Committees play a crucial role in the effectiveness of our corporate governance framework and Sir Michael Rake and David Booth report below on the activities of the Board Audit Committee and Board Risk Committee respectively. And Sir John Sunderland reports separately in the Remuneration Report on how the Board Remuneration Committee has overseen remuneration policy, how we link remuneration to our strategy and to long term outcomes and how we ensure that we are not incentivising inappropriate risk-taking.

What are the priorities for 2013?

We are determined as a Board and as a company to make progress during 2013 and to do everything in our power to regain the trust of our stakeholders: our commitment to implementing the recommendations of the Salz Review is affirmation of our determination.

Sir David Walker
Chairman

5 March 2013

Leadership

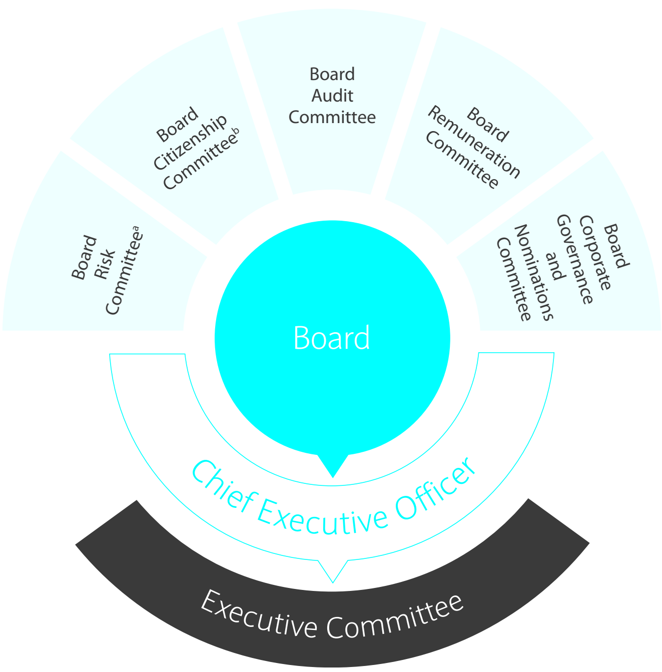
The role of the Board

The principal responsibility of the Board is to promote the long term success of Barclays by creating and delivering sustainable shareholder value. The Board leads and provides direction for management by setting strategy and overseeing its implementation by management. The Board seeks to ensure that, while the ultimate focus is long term growth, management also delivers on short term objectives, striking the right balance between the two. In setting and monitoring the execution of Barclays strategy, consideration is given to the impact that those decisions will have on Barclays obligations to various stakeholders, such as shareholders, employees, suppliers and the community in which Barclays operates as a whole.

The Board is also responsible for ensuring that an effective system of internal control is maintained and that management maintains an effective risk management and oversight process across the Group, so that growth is delivered in a controlled and sustainable way. In addition, the Board is responsible for determining and promoting Barclays collective vision of its purpose, values, culture and behaviours.

Specific key decisions and matters have been reserved for approval by the Board. These include decisions on the Group's strategy, approval of risk appetite, capital and liquidity matters, major acquisitions, mergers or disposals, Board membership, financial results and governance issues, including the approval of the corporate governance framework. A full formal schedule of matters specifically reserved to the Board can be found on Barclays website at Barclays.com.

Corporate Governance Framework



Board Enterprise Wide Risk Committee
A Board Enterprise Wide Risk Committee was established at the end of January 2013.

Notes
a Known as the Board Financial Risk Committee with effect from 31 January 2013.
b Known as the Board Conduct, Reputation and Operational Risk Committee with effect from 31 January 2013.

The names of the Directors and their full biographical details, including the skills and experience they each bring to the Board, can be found on pages 67-69.

To assist the Board in carrying out its functions and to ensure there is independent oversight of internal control and risk management, the Board has delegated certain responsibilities to Board Committees, which are comprised of independent non-executive Directors and, in some cases, the Chairman. The Chairman of each Board Committee reports to the Board on the matters discussed at Board Committee meetings. Each Board Committee has agreed Terms of Reference approved by the Board, which can be found on Barclays website.

More information on the role of the Board and its Committees can be found in 'Corporate Governance in Barclays', which is available online at Barclays.com

Roles

Role of the Chairman

The Chairman is responsible for the overall operation and governance of the Board. Sir David Walker, the Chairman, provides leadership and manages the Board to ensure that Barclays satisfies its legal, regulatory and stewardship responsibilities. The Chairman sets the Board's agenda, in consultation with the Group Chief Executive and Company Secretary, taking full account of the issues and concerns of Board members. Board agendas are structured to allow adequate and sufficient time for the discussion of the items on the agenda, in particular, strategic matters. The Chairman is also responsible for facilitating and encouraging active engagement and appropriate challenge by Directors, particularly on matters of risk and strategy or other major proposals, by drawing on Directors' skills, experience and knowledge.

It is the responsibility of the Chairman to ensure effective communication with shareholders and other stakeholders and to ensure that members of the Board develop and maintain an understanding of the views of major investors and other key stakeholders. Details of how Barclays engages with its shareholders and other stakeholders can be found on pages 60-61.

The full role profile for the Chairman can be found in Barclays Charter of Expectations, which is available on Barclays website.

Sir David Walker is also Chairman of the Board Corporate Governance and Nominations Committee and the Board Citizenship Committee. He is a member of the Board Remuneration Committee and, although not a member, will attend a number of the Board Audit and Board Risk Committee meetings each year to observe the Committees in action and assess their effectiveness.

Role of the Group Chief Executive

The Group Chief Executive, Antony Jenkins, has responsibility for recommending the Group's strategy to the Board and for implementing the strategy agreed by the Board, making and implementing operational decisions and managing the business day-to-day.

The Board has delegated this responsibility to him and he is accountable to the Board. He is supported by the Executive Committee, which he chairs.

Role of the non-executive Directors

Non-executive Directors are independent of management. Their role is to effectively and constructively challenge management and monitor the success of management in delivering the agreed strategy within the risk appetite and control framework set by the Board.

They are also responsible for exercising appropriate oversight through scrutinising the performance of management in meeting agreed goals and objectives and monitoring performance.

Role of the Senior Independent Director

Sir Michael Rake is Deputy Chairman and Senior Independent Director. He was appointed as Deputy Chairman in July 2012, at the height of events following the LIBOR announcement, having been Senior Independent Director since October 2011. As Senior Independent Director, Sir Michael's role is to provide a sounding board for the Chairman and provide support for the Chairman in the delivery of his objectives. He also serves as a trusted intermediary for the Directors, when necessary. He is available to shareholders should the occasion arise where there is a need to convey concerns to the Board other than through the Chairman or the Group Chief Executive. The Senior Independent Director is also expected to work with the Chairman and other Directors or shareholders, as required, where the stability of the Board or Barclays is threatened.

During 2012, Sir Michael Rake played a significant role in the wake of the announcement of penalties relating to the industry-wide investigation into the setting of interbank offered rates. Subsequent to the announcement of the resignation of Marcus Agius as Chairman, Sir Michael was in contact with shareholders and other relevant stakeholders, including Barclays regulators, to understand their views and concerns relating to the LIBOR announcement and the resignation of the Chairman. Further meetings and discussions were held with shareholders and other stakeholders after the ensuing announcement of the resignation of Bob Diamond as Chief Executive. As Deputy Chairman, Sir Michael Rake has taken a lead role in the Board's governance response to the LIBOR announcement and he reports on that on page 43.

Company Secretary

The Company Secretary, Lawrence Dickinson, works closely with the Chairman, the Group Chief Executive and the Board Committee Chairmen in setting the annual forward calendar of agenda items for the meetings of the Board and its Committees. He also ensures that accurate, timely and appropriate information flows within and to the Board, the Board Committees and between the Directors and senior management in general.

Board and Board Committee meeting papers are delivered a week before the meeting via a secure electronic system, which can be accessed by Directors using tablet computers. After each meeting, the Chairman meets with the Company Secretary to agree actions to be followed up and to discuss the effectiveness of the meeting. Details of the role of the Company Secretary and the support provided to the Board can be found in Barclays Charter of Expectations.

Full role profiles for the non-executive Directors and Senior Independent Director can be found in Barclays Charter of Expectations.

How the Board operates

The Board meets regularly and there are eight scheduled meetings each year, including an annual strategy meeting. When necessary, and if circumstances dictate, additional Board meetings are held. In 2012, there were 15 additional meetings held at short notice to discuss matters such as changes to Board composition, issues arising from the LIBOR announcement, taxation matters and corporate transactions. In total, the Board met 23 times during the year. The Chairman met privately with the non-executive Directors before each scheduled Board meeting to discuss any matters they wished to raise at the meeting.

Where Directors are unable to attend meetings, usually because of illness or long-standing prior engagements, they are encouraged to give the Chairman their views or comments on the matters to be discussed. Following the meeting, the Chairman or the Company Secretary briefs any Director not present on the discussions and any decisions taken. Details of Board meeting attendance in 2012 can be found in the table below. During the year, the non-executive Directors met the time commitment specified in their letters of appointment and committed significantly more time during the period of stress Barclays experienced in July and August 2012.

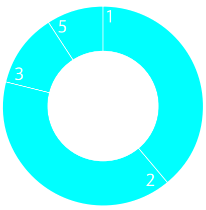
Attendance

	Independent	Scheduled meetings eligible to attend	Additional meetings eligible to attend
Group Chairman			
Marcus Agius (to 31 October 2012)	On appointment	●●●●●●	●●●●●●●●●●●●●
Sir David Walker (from 1 September 2012)[c]	On appointment	●●●	
Executive Directors			
Robert E Diamond (to 3 July 2012)[b]	Executive Director	●●●●	●●●●●●○
Antony Jenkins (from 30 August 2012)	Executive Director	●●●	
Chris Lucas[b]	Executive Director	●●●●●●●●	●●●●●●●○
Non-executive Directors			
David Booth[b]	Independent non-executive Director	●●●●●●●●	●●●●●●●●●●●●●●○
Tim Breedon (from 1 November 2012)	Independent non-executive Director	●●	
Alison Carnwath (to 24 July 2012)[ab]	Independent non-executive Director	●●●○	●●●●●●●●○○○
Fulvio Conti[ab]	Independent non-executive Director	●●●●●●●○	●●●●●●●●●●●●●●○
Simon Fraser	Independent non-executive Director	●●●●●●●●	●●●●●●●●●●●●●●●
Reuben Jeffery[b]	Independent non-executive Director	●●●●●●●●	●●●●●●●●●●●●●●○
Sir Andrew Likierman[b]	Independent non-executive Director	●●●●●●●●	●●●●●●●●●●●●●●○
Dambisa Moyo[b]	Independent non-executive Director	●●●●●●●●	●●●●●●●●●●●●●●○
Sir Michael Rake[b]	Independent non-executive Director	●●●●●●●●	●●●●●●●●●●●●●○○
Sir John Sunderland[b]	Independent non-executive Director	●●●●●●●●	●●●●●●●●●●●●●●○
Lawrence Dickinson Secretary			

● Attended ○ Did not attend

Notes
a Unable to attend a scheduled meeting owing to a prior commitment.
b Unable to attend certain additional meetings held at short notice owing to prior commitments.
c Appointed to the Board with effect from 1 September 2012 and as Chairman with effect from 1 November 2012.

Board allocation of time



%	2012	2011
1 Strategy formulation and implementation monitoring	39	39
2 Governance and Risk (including regulatory issues)	40	35
3 Finance (including capital and liquidity)	12	16
4 Corporate Finance	0	1
5 Other (including compensation)	9	9

Corporate Governance in Barclays

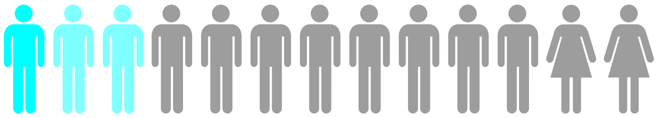
All of our corporate governance practices have been brought together in one document, Corporate Governance in Barclays. This framework provides the basis for promoting the highest standards of corporate governance in Barclays. Corporate Governance in Barclays is available on our website, Barclays.com.

Charter of Expectations

The role profiles, responsibilities, time commitments, key competencies and behaviours we expect of our Directors, together with the key indicators of high performance, are set out in our Charter of Expectations, which is available on our website, Barclays.com.

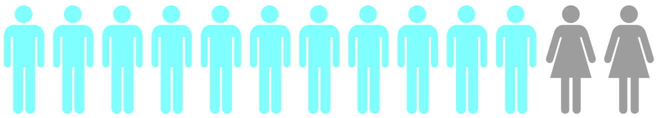
Board balance and diversity

Balance of non-executive and executive Directors



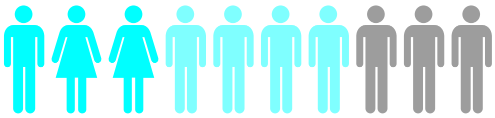
1 Chairman
2 Executive Directors
10 Independent non-executive Directors

Board gender balance



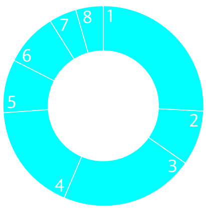
85% Male
15% Female

Length of tenure of non-executive Directors



0-3 years
3-6 years
6-9 years

Industry/background experience[a]



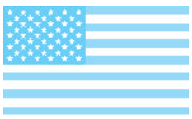
1	Financial services	6
2	Accountancy/financial expert	2
3	Political/regulatory contacts	5
4	Current or recent Chairman/CEO	4
5	International (US)	2
6	International (Europe)	2
7	International (RoW)	1
8	Retail/marketing	1

Note
a Individual Directors may fall into one or more categories.

Geographical mix of non-executive Directors

6 from the United Kingdom

2 from Continental Europe



2 from the United States

Board activity in 2012

The Board's agenda in 2012 was dominated by the changing regulatory environment and, in the latter half of 2012, by consideration of the future direction and shape of the business and its culture and values in light of both the external environment and in the aftermath of the LIBOR announcement. Key activities for the Board during the year included:

- reviewing strategic options open to the Group in its different business areas in light of the regulatory and economic environment.
- receiving updates from each of Barclays principal businesses and discussing their progress against agreed strategy.
- discussing the implications of a statement by HMRC concerning the repurchase of debt by Barclays.
- considering and approving the sale of Barclays interest in BlackRock, Inc.
- discussing and agreeing Barclays 'One Africa' strategy, involving the combination of the majority of Barclays operations in Africa with Absa.
- considering the announcement of penalties relating to the industry-wide investigation into the setting of interbank offered rates and the subsequent events.
- discussing changes in the composition of the Board, including approving the appointment of a new Chairman and a new Chief Executive.
- reviewing a report on compliance and internal audit lessons learned from the LIBOR incident.
- discussing and reviewing progress of the work implemented by Antony Jenkins as part of the Transform Programme, including a review of business performance, costs, funding and liquidity matters and a discussion of Barclays purpose, values and behaviours.
- considering and approving Barclays risk appetite, liquidity risk appetite and the Group's capital plan.
- receiving regular updates on global economic conditions and regulatory developments and the outlook for the industry.

During 2012, the Board held two informal meetings with representatives from the FSA to ensure that all Directors had the opportunity to hear first-hand from Barclays principal regulator and exchange views. The chart on page 50 illustrates how the Board allocated its time during 2012.

Priorities for 2013

In 2013, the Board's priority will be providing oversight of and challenge to the progress of delivery of the actions and financial and non-financial commitments Barclays has made as part of its Strategic Review, which were announced in February 2013.

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Board governance – responding to the LIBOR announcement

In response to the announcement in June 2012 and subsequent events, the Board set up three specific sub-committees of the Board, chaired by me in my capacity as Deputy Chairman and Senior Independent Director.

LIBOR Employee Investigation Review Committee
The purpose of this Committee, which comprised me, Sir John Sunderland and Marcus Agius, who was succeeded following his retirement by Sir David Walker, was to provide a level of Board oversight in respect of the review of the conduct of certain current and former employees in relation to LIBOR. The Committee's role was to satisfy itself that proper processes had been followed and that outcomes were appropriate. To assist the Committee in fulfilling this responsibility, the Committee appointed an independent adviser, John Turnbull from Linklaters LLP, who reviewed the scope and methodology of the review and the resulting outcomes.

We met four times during the second half of 2012 to consider the progress of the review and the outcomes. At the conclusion of the review, 13 current employees were subject to disciplinary action, including 5 who were dismissed. In total, deferred compensation amounting to £24.6m was clawed back from 15 current and former employees as a result of the review. This excludes any sums voluntarily surrendered by individuals. The Board Remuneration Committee considered the wider application of claw back and further details are in the Remuneration Report. The Committee was satisfied that a thorough and fair process was conducted and that the outcomes of the review were appropriate in each individual case. This view was supported by our independent adviser.

Business Practices Review Committee
The Business Practices Review Committee comprises me, David Booth and Sir John Sunderland and was established following Barclays announcement in July 2012 that Anthony Salz would conduct an independent review of Barclays business practices (the Salz Review). The purpose of the Committee is to oversee the progress of the Salz Review and report to the Board on progress, to consider any recommendations arising from the Salz Review and to oversee any action to be taken as a result. The Committee met twice in the second half of 2012 to check on the progress of the review and has held further meetings in early 2013. The Committee will meet again to discuss the recommendations of the Salz Review and Barclays response, which are due to be published prior to the 2013 AGM. In addition to the formal meetings of the Committee, I have also met with Anthony Salz directly on a number of occasions.

Regulatory Investigations Committee
In the fourth quarter of 2012, the Board established a Regulatory Investigations Committee comprising me, Antony Jenkins, Sir John Sunderland and Sir David Walker. The primary purpose of this Committee is to oversee certain regulatory investigations, to consider the findings of those investigations and to direct the scope and conduct of those investigations as appropriate, including directing and overseeing any remediation activities and considering whether any disciplinary action is required in respect of any Barclays employee. The Committee met four times in 2012 and will continue to meet in 2013. The Committee has appointed an independent external adviser, John Turnbull from Linklaters LLP, to assist it in its deliberations. Sir David Walker assumed chairmanship of the Committee in early 2013.

Sir Michael Rake
Deputy Chairman and Senior Independent Director

Effectiveness

Board composition, qualification and independence

The composition, experience and balance of skills on the Board are regularly reviewed to ensure that there is the right mix on the Board and its committees and that they are working effectively. There are currently 13 Directors on the Board, which comprises an independent Chairman, two executive Directors and ten independent non-executive Directors. The current members of the Board have a wide range of skills and experience. Diversity, including gender diversity, is important for a Board to be effective. A chart showing the gender representation on the Board can be found on page 42. More information on Barclays Board diversity policy can be found on page 51.

The balance of the Board is illustrated on page 42

Director independence

The Board Corporate Governance and Nominations Committee and the Board consider and review the independence of each non-executive Director on an annual basis as part of the Directors' performance evaluation. In carrying out the review, consideration is given to factors such as length of tenure and the ability of the Director to provide objective challenge to management. The behaviours that the Board considers to be essential indicators of independence are set out in Barclays Charter of Expectations. Following the annual review for 2012, the Board concluded that each of the non-executive Directors reviewed continues to demonstrate those behaviours and is considered by the Board to be independent.

Directors' external activities and conflicts of interest

Directors have a statutory duty to avoid situations in which they have or may have interests that conflict with those of Barclays, unless that conflict is first authorised by the Directors. This includes potential conflicts that may arise when a Director takes up a position with another company. Barclays Articles of Association allow the Board to authorise such potential conflicts, and there is in place a procedure to deal with any actual or potential conflict of interest. The Board deals with each appointment on its individual merit and takes into consideration all the circumstances. Prior to taking on additional responsibilities or external appointments, Directors are obliged to obtain authorisation and it is their responsibility to ensure that they will be able to meet the time commitment expected of them in their role at Barclays. All potential conflicts approved by the Board are recorded in an Interests Register, which is reviewed on an annual basis by the Board Corporate Governance and Nominations Committee to ensure that the procedure is working effectively. Following a review of the Interests Register in early 2013, the Committee concluded that all the potential conflicts as registered have been considered thoroughly and appropriately.

Executive Directors may take up only one FTSE 100 non-executive directorship and are allowed to retain any fees they receive for such appointments. Antony Jenkins and Chris Lucas do not hold any such directorships.

Director re-election

With the exception of Sir Andrew Likierman, who will be standing down at the Company's Annual General Meeting (AGM) to be held on 25 April 2013, all Directors including Sir David Walker, Antony Jenkins, Tim Breedon and Diane de Saint Victor, who were all appointed since the last AGM, will each submit themselves for re-election at the AGM. Biographical details of each of the Directors, together with details of their skills and experience, may be found on pages 67-69. Following a rigorous performance evaluation of each Director and the Board as a whole, excluding recent appointees Diane de Saint Victor and Tim Breedon, all Directors are considered by the Board to be fully effective.

For more detailed information on Board evaluation please see page 48-49

Succession planning and Board appointments

The Board recognises the need to ensure that the Board and executive management are always well resourced, with the right people in terms of skills and experience to deliver the Company's strategy. Board composition is regularly reviewed to ensure the Board is refreshed progressively. Factors considered include length of tenure, background, experience, including industry and geographical experience, and diversity.

The length of tenure of the current non-executive Directors and their geographical experience and background is illustrated on page 42

The Board Corporate Governance and Nominations Committee is responsible for both executive and non-executive Director succession planning and recommends new appointments to the Board.

More details on the role of the Board Corporate Governance and Nominations Committee are given on pages 50-51

In July 2012, the Company announced that Marcus Agius would resign as Chairman and that a successor was being sought. Following a search, led by Sir John Sunderland with the assistance of MWM Consulting, an external search agency, Sir David Walker was appointed as a non-executive Director with effect from 1 September 2012 and succeeded Marcus Agius as Chairman with effect from 1 November 2012. Following the resignation of Bob Diamond in July 2012, a search for a new Group Chief Executive commenced, led by the then Chairman, Marcus Agius and with the close involvement of the then Chairman-designate, Sir David Walker and the Deputy Chairman, Sir Michael Rake. The search was conducted with the assistance of Spencer Stuart, an external search agency. Antony Jenkins was subsequently appointed as a Director and as Group Chief Executive with effect from 30 August 2012. Sir John Sunderland and Sir David Walker report on the search for a new Chairman and a new Group Chief Executive, respectively, on the following pages.

Tim Breedon was appointed as a non-executive Director with effect from 1 November 2012, having been identified in early 2012 as a potential candidate by the Board Corporate Governance and Nominations Committee itself, which had concluded there was a need to appoint a current or recent Chief Executive to the Board. Diane de Saint Victor was appointed as a non-executive Director with effect from 1 March 2013, having been identified as a potential candidate by MWM Consulting. Both were assessed against the required skills and competencies that the Board Corporate Governance and Nominations Committee had identified as being desirable. Tim was previously Chief Executive of Legal & General Group plc and has over 25 years experience of working in the insurance industry. He brings to the Board a significant knowledge of regulatory issues and a wealth of financial services experience in addition to his experience as a chief executive. Diane is General Counsel of ABB and has a background in legal and regulatory matters and in leading cultural change. Her experience will bring a valuable perspective to the Board as the Transform Programme is implemented and Barclays new Purpose and Values are embedded.

The external agencies named above have no other connection with Barclays other than to provide executive recruitment services.

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Appointing a new Chairman

Following the resignation of Marcus Agius as Chairman in July 2012, the Board asked me to take the lead in finding a successor. An external search agency was briefed on the essential and desirable experience and personal attributes required for the role, which were agreed beforehand by the Board. It was clear to us that we needed to appoint an experienced chairman, with financial services experience and strong governance credentials, who could provide the Board with effective leadership and who would command the respect of both fellow Directors and external stakeholders. Given the resignation of Bob Diamond as Chief Executive, the Board was committed to appointing a new Chairman as quickly as possible. It was clear that any incoming Chief Executive would need to know the identity of the new Chairman given the pivotal importance of their relationship to the effectiveness of the Board. It was also clear that, given the events of 2012, the minimum time commitment required of the Chairman would increase from roughly 60% of a full-time role to 80% of a full-time role.

A long list of candidates, both internal and external, was reviewed and discussed by the non-executive Directors during July, with the list being narrowed to a shortlist of two candidates. Both candidates then had individual meetings with each non-executive Director and with Chris Lucas, Group Finance Director, and feedback on each candidate was obtained. I also took soundings on the candidates from a number of stakeholders, including Barclays principal regulators and certain major institutional shareholders. The non-executive Directors met a number of times to provide feedback on their meetings with each candidate and to discuss the personal references.

Our unanimous view was that Sir David Walker was the right candidate to be appointed as Chairman of Barclays. Sir David has significant experience in financial services, coupled with a wealth of experience as both a director and as a chairman. He has an impeccable reputation for governance, with an excellent understanding and experience of UK boardroom and corporate governance issues and the role of a chairman. The Board approved Sir David's appointment as a non-executive Director and as Chairman-designate in early August and he subsequently joined the Board with effect from 1 September 2012, succeeding Marcus Agius as Chairman with effect from 1 November 2012.

I am delighted that we were able to quickly secure the services of Sir David as Chairman: he commands great respect within the financial services industry and has brought immense experience, integrity and knowledge to the role.

Sir John Sunderland
Independent non-executive Director

Appointing a new Group Chief Executive

The process to appoint a new Group Chief Executive was initially led by my predecessor, Marcus Agius, in conjunction with Sir Michael Rake, the Deputy Chairman, and other members of the Board Corporate Governance and Nominations Committee, although I was closely involved from the announcement of my appointment as Chairman-designate in early August 2012.

An external search firm was engaged to identify candidates against the role specification and the skills, experience and personal qualities the Board had agreed were essential and desirable for the role of Group Chief Executive. An extensive list of global, potential candidates was reviewed, with a shortlist of candidates, both internal and external, put forward to the Board for discussion during July 2012. After meetings between several candidates and the then Chairman, the Deputy Chairman and the Group HR Director, the candidate list was narrowed further to three potential candidates, who each then met individually with me and with Barclays non-executive Directors.

The non-executive Directors on the Board met in mid-August 2012 to allow Directors to provide feedback on their meetings with each candidate. It became clear from our discussions that Antony Jenkins was the candidate that best fit the role requirements and had the vision required to take Barclays forward, with the support of the Board and the Executive Committee. I approached a number of our key stakeholders, including some of our major shareholders and representatives of our principal regulators, to discuss the proposed appointment and to gauge their views. A sub-committee of the Board, comprising Marcus Agius, Sir Michael Rake and Sir John Sunderland, was appointed with delegated authority to finalise the terms of the appointment, which was announced on 30 August 2012.

I am pleased that we were able to implement such a thorough and rigorous process and settle the leadership of Barclays quickly from a strong field of candidates.

David Walker

Sir David Walker
Chairman

Executive Directors service contracts and non-executive Directors' terms of appointment

On appointment, executive Directors are given a one year rolling service contract. The Chairman and the non-executive Directors have a letter of appointment that sets out the terms and conditions of their Directorship, including the fees payable and the expected time commitment. Each non-executive Director is expected to commit a minimum of 20 days per annum to the role. Additional time commitment is required to fulfil roles as Board Committee members and/or Board Committee chairmen, as applicable. On average, the time commitment of non-executive Directors is in the range of 30–36 days per annum, although they typically devote considerably more time to Barclays duties and did so during 2012, particularly in connection with the search for a new Chairman and a new Chief Executive.

Board induction and professional development

Induction

Newly appointed Directors are provided with a bespoke induction programme to further their understanding and their knowledge of Barclays, its operations and staff. The Chairman, with the support of the Company Secretary, is responsible for the induction of new Directors and for the ongoing professional development of all Directors. Induction programmes are tailored to each new Director, depending on the experience and background of the Director. For example, on his appointment to the Board, Sir David Walker's induction programme took into account his later role as Chairman and included the following items:

- an induction pack providing background information on Barclays operations and policies;
- sessions with each of the executive Directors and members of the Executive Committee;
- meetings with the senior executives responsible for each of the Group's principal businesses, including the Investment Bank, Retail and Business Banking, Wealth and Investment Management and Africa, focusing on the challenges and opportunities faced by each business;
- meetings with key personnel in central support functions, including compliance, corporate development, finance, risk management, citizenship and sustainability, internal audit and corporate affairs; and
- meetings with key external stakeholders, such as major institutional shareholders and regulators.

This initial induction programme will be supplemented with a programme of business visits over a period of 12 – 18 months, including visits to selected UK and overseas operational centres.

Professional development

Barclays offers a programme of ongoing professional development for existing Directors. Personal development logs are maintained for each non-executive Director, which record external and internal briefings and other events that each attends, such as internal management conferences. During 2012, non-executive Directors attended briefing sessions on Long Term Incentive Plans and on the Investment Bank's fixed income and prime services businesses. They also attended sessions demonstrating the use of new technology in Barclays branch network. Members of the Board Audit Committee attended briefing sessions on algorithmic trading and members of the Board Risk Committee attended briefing sessions on operational risk and on the Investment Bank's balance sheet. Directors are asked for input on potential topics for ongoing professional development, which informs the planned programme.

In addition to the above, independent professional advice is available to the Directors at Barclays expense. During 2012, an independent adviser was engaged to advise the LIBOR Investigation Employee Review Committee and the Regulatory Investigations Committee.

An annual review of Barclays Director induction and development programmes is carried out by the Board Corporate Governance and Nominations Committee to ensure that they are appropriate and fit for purpose. More information on Barclays Board induction and ongoing Director development can be found in 'Corporate Governance in Barclays'.

Evaluation Statement

A summary of the Board's progress against the actions arising from its 2011 Board Effectiveness Review can be found below:

Theme	Action Taken
Ensuring that the Board continues to have an appropriate range and balance of skills, experience and diversity	Board composition is reviewed regularly. In 2012, a revised skills matrix was developed against which the Board Corporate Governance and Nominations Committee assessed the current composition of the Board and identified the skills and experience to be sought in new appointments. Appointments were made to the Board and to Board Committees during 2012 to maintain the balance of skills required. A renewed emphasis was given to gender diversity on the Board following the departure of Alison Carnwath and Diane de Saint Victor joined the Board in early 2013.
Continuing to develop an appropriate process for succession planning for key Board and senior executive management positions	Executive succession planning, including succession planning for Board and Executive Committee roles, was a regular agenda item for the Board Corporate Governance and Nominations Committee during 2012. During 2012, a revised approach to talent management and the outcomes of a review of succession planning for senior strategic roles were presented to the Board Corporate Governance and Nominations Committee.
Enabling the Board to have greater interaction with Executive Committee members to gain an enhanced understanding of the challenges and opportunities they face in their businesses	There has been greater interaction between the Board and members of the Executive Committee, by way of presentations to the Board on the evening before Board meetings, followed by dinners over which key issues are discussed in greater depth. The Board also visited Barclays operations in New York twice during 2012, to gain first-hand experience of Barclays US businesses.
Ensuring that the Board has visibility of talent amongst senior executive management	Three senior talent events took place in 2012, which enabled the Board to meet and interact with senior executives at the level below Executive Committee in order to increase the Board's visibility of potential future leaders.
Continuing to ensure that timely and high-quality information flows to the Board and to Board Committees	A weekly update note from the Group Chief Executive is circulated to Board members, covering key issues and developments, including regulatory matters, trading and senior appointments. This provides up-to-date information to Directors outside the formal Board meeting reports. Increasing use has been made of a secure electronic system to deliver meeting papers and other information to Directors securely and quickly via tablet computers.

Evaluation of Board performance

To improve the effectiveness of the Board and its Committees, as well as that of each individual Director, a formal and rigorous Board review is undertaken on an annual basis. This review has been externally facilitated since 2004. This formal process enables the Board to monitor trends in responses to questions and track progress made against action plans. On an annual basis, Barclays approach to Board evaluation is benchmarked against the practices of other companies in the FTSE 20 to ensure that Barclays remains at the forefront of best practice. The Board Corporate Governance and Nominations Committee is responsible for overseeing the process and for monitoring any action plans on behalf of the Board.

For 2012, the Board evaluation process was conducted by Egon Zehnder International (Egon Zehnder), who used a short questionnaire covering similar themes to previous years' evaluations, although the main part of the evaluation process took the form of structured interviews with Directors and members of the Executive Committee. While Egon Zehnder is an executive search agent, it did not undertake any Barclays Board searches during the year and the Board believes that it provides an impartial and objective board evaluation service.

The 2012 Board evaluation reviewed the events of 2012, in particular, those culminating in the resignations of Marcus Agius and Bob Diamond. The voting at Barclays 2012 AGM was also considered as part of the evaluation process and Egon Zehnder held interviews with a selection of Barclays major shareholders. The substantial changes in the Board in 2012 inevitably complicated the performance evaluation process, but key themes were identified and form the basis of the action plan for 2013 as follows:

- Enhancing the relationship between the Board and the Executive Committee following changes in both Board and Executive Committee composition in 2012;
- Ensuring that the working relationship between the Chairman and CEO is strong in recognition of the critical importance of this relationship to the effectiveness of the Board as a whole;
- Ensuring that the Board has greater line of sight into the views of key stakeholders. Informal meetings with Barclays regulators have started and will continue, in both the UK and US;
- Rebuilding trust with stakeholders with regard to Barclays remuneration policy, particularly in light of voting at the 2012 AGM. Extensive consultation took place with stakeholders during 2012 and will continue into 2013;
- Ensuring that an appropriate balance of skills, experience and diversity on the Board is maintained. Two new non-executive Directors have been recently appointed and further appointments are envisaged in 2013;
- Further improving the quality of information flows to the Board to achieve an appropriate balance between data and analysis; and
- Enhancing succession planning for key Board positions, in particular, continuing to ensure that the Board builds its knowledge and understanding of the depth of talent in the business.

Board Corporate Governance and Nominations Committee Report

"It is essential that the Board and its Committees are properly constituted and balanced in terms of skills, experience and diversity."

Sir David Walker
Chairman, Board Corporate Governance and Nominations Committee

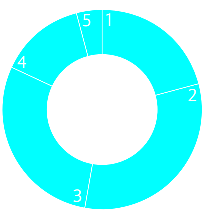
Member	Independent	Meetings eligible to attend
Sir David Walker Chairman[a] (from 1 September 2012)	On appointment	●●
Marcus Agius (to 31 October 2012)	On appointment	●●●
David Booth	Yes	●●●●
Alison Carnwath (to 24 July 2012)	Yes	●●
Sir Michael Rake	Yes	●●●●
Sir John Sunderland	Yes	●●●●

Lawrence Dickinson Secretary

● Attended ○ Did not attend

Note
a Member of the Committee since 1 September 2012, becoming Chairman from 1 November 2012.

Board Corporate Governance and Nominations Committee allocation of time %



	2012	2011
1 Corporate governance matters	21	19
2 Board and committee composition	32	31
3 Succession planning and talent	29	30
4 Board effectiveness	14	16
5 Other	4	4

Committee composition, skills and experience

In addition to the Chairman, there are three non-executive Directors on the Committee, being the Chairmen of the main Board Committees. The names of the members of the Committee are set out opposite, together with attendance at meetings in 2012. The Group Chief Executive also attends each meeting, although is not involved in decisions relating to Chief Executive succession.

Committee responsibilities and how they were discharged in 2012

The Committee is responsible for reviewing the composition of the Board and Board Committees to ensure they are properly constituted and balanced in terms of skills, experience and diversity. In addition to this, it:

- recommends to the Board the appointment of new Directors;
- considers succession plans for the Chairman, Group Chief Executive and other key positions, such as roles on the Executive Committee and other senior roles;
- monitors corporate governance issues and developments to ensure that Barclays is in line with best practice guidelines; and
- agrees and monitors the annual Board Effectiveness Review and tracks any actions arising.

The Committee's full terms of reference are available on the corporate governance section of Barclays website.

The Committee met four times in 2012, including an additional meeting solely to review and discuss Board composition. The chart below shows how the Committee allocated its time. In 2012, the Committee focused primarily on Board composition and succession planning for roles below the Board level. Key activities undertaken by the Committee in 2012 were:

Board composition

- reviewing the structure, size and composition of the Board and the principal Board Committees, looking at the need to refresh the Board and at the balance and diversity of skills and experience on the Board. In reviewing the composition of the Board, a skills analysis was carried out using a revised skills matrix agreed by the Committee in 2012, which set out the core competencies and skills that it would be desirable to have on the Board, such as financial services, experienced chief executives from other companies and industries, accountancy, retail and marketing and experience of the main geographic markets in which Barclays operates, along with the target weightings for each. Following a review of the composition of the Board, the Committee approved the appointment of Tim Breedon as a non-executive Director with effect from 1 November 2012 and the appointment of Diane de Saint Victor as a non-executive Director with effect from 1 March 2013.
- carried out a review of progress against Board diversity targets and discussed and agreed a Board Diversity Policy, recommending it to the Board for its approval.
- considered and recommended changes to Board Committee composition during the year. The Committee recommended the appointment of David Booth to the Board Remuneration Committee with effect from 1 July 2012 to provide cross-membership between the Board Remuneration and Board Risk Committees. Drawing on reviews by the Committee, the Board as a whole considered and approved the appointment of Sir John Sunderland as Chairman of the Board Remuneration Committee, recommended the appointment of Tim Breedon as a member of the Board Risk Committee and Board Remuneration Committee and the appointment of Sir David Walker as a member of the Board Remuneration Committee and as a member and Chairman of the Board Corporate Governance and Nominations Committee and Board Citizenship Committee.

Succession planning

- discussed succession planning for the position of Chief Executive and for the Executive Committee and reviewed potential candidates for these roles;
- reviewed the Group's succession and talent management programme below Board level;
- reviewed and discussed the processes, overall methodology and contingency plans in place for senior strategic roles; and
- received updates on Barclays graduate recruitment and training programme, including an update on gender diversity.

Corporate governance

- reviewed Barclays corporate governance disclosures in the 2011 annual report and considered the proposed disclosures for the 2012 annual report;
- reviewed and discussed Barclays approach to Board and Committee induction and development;
- received updates on significant corporate governance developments in the UK and EU and how these might impact Barclays;
- carried out an annual review of the Directors' Interests Register to ensure that an effective process for authorising conflicts is in place and authorised conflicts have been dealt with appropriately;
- reviewed and discussed issues raised at corporate governance meetings held with institutional investors and investor bodies; and
- reviewed the effectiveness of the Committee and proposed changes to its terms of reference following a review against best practice.

Board effectiveness

- discussed and approved the proposed actions to be taken in response to the findings of the 2011 Board Effectiveness Review. The Committee also reviewed reports on the status of the action plan to monitor the progress being made;
- reviewed the status of actions being taken in response to the findings of the FSA's review of Barclays Board governance as part of its Core Prudential Programme, on which it reported in early 2012; and
- reviewed the market for board effectiveness facilitators and agreed to re-appoint Egon Zehnder.

Statement on diversity policy

Board diversity, in particular, gender diversity, continues to be a topic of much discussion. The Board believes that diversity is important for board effectiveness. However, diversity is much more than the issue of gender, and includes diversity of skills, experience and background. In response to Lord Davies's report on Women on Boards, Barclays published a Board Diversity Policy in April 2012, which sets out Barclays approach to diversity on the Board. The Board Diversity Policy can be found in the Corporate Governance section of Barclays website. All Barclays Board appointments are made on merit, in the context of the skills and experience the Board as a whole requires to be effective. Nevertheless the Board is aiming to ensure that at least 20 per cent of the Board is made up of women by the end of 2013 and for that position to have exceeded 25 per cent by the end of 2015. Women currently represent 15% of the Board. Diversity in relation to employees of the Barclays Group is covered by Barclays Equality and Diversity Charter and more information on diversity across Barclays can be found in the People section on page 71.

Committee Effectiveness

The performance of the Committee is reviewed each year as part of the Board Effectiveness Review.

Following the 2011 annual effectiveness review of the Committee, the Committee improved the induction process for its new members by committing to implement a bespoke induction for any new member, to be agreed by the Company Secretary with the Chairman and the new member. The Committee also provided more opportunities for members to bring items onto the Committee agenda, such as including the Committee's annual forward agenda with the papers for each meeting.

The 2012 review concluded that the Committee continues to operate effectively, although there was a slight diminution in the overall score.

Priorities for 2013

In 2013, the Committee will continue to carry out regular reviews of the balance of skills and experience on the Board against the skills matrix that has been developed and will seek to make further progress towards achieving the Board diversity targets that have been set. Executive succession will continue to be high on the Committee's agenda.

Accountability

Board Audit Committee Chairman's Report

"June 2012 saw the announcement of the penalties imposed on Barclays relating to the industry-wide investigation into the setting of interbank offered rates and this impacted the Committee's agenda."

Sir Michael Rake
Chairman, Board Audit Committee

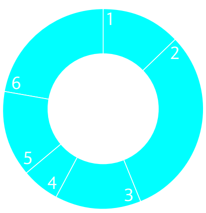
Member	Independent	Meetings eligible to attend
Sir Michael Rake (Chairman)	Yes	●●●●●●●●●●
Alison Carnwath[a] (to 24 July 2012)	Yes	●●●●●○
Fulvio Conti	Yes	●●●●●●●●●●
Simon Fraser	Yes	●●●●●●●●●●
Sir Andrew Likierman[a]	Yes	●●●●●●●●●○

Lawrence Dickinson Secretary

● Attended ○ Did not attend

Note
a Unable to attend one meeting owing to prior commitments.

Board Audit Committee allocation of time



%		2012	2011
1	Control issues	13	4
2	Financial results	31	42
3	Internal audit matters	14	6
4	External audit matters	6	6
5	Business control environment	14	23
6	Other (including Governance and Compliance)	22	19

Sir Michael Rake, Chairman of the Board Audit Committee, reports on how the Board Audit Committee discharged its responsibilities during 2012.

Chairman's overview of 2012

The work of the Committee in 2012 has seen us address three main themes. First, accounting judgements, particularly in respect of provisions to be made for product mis-selling. Secondly, the impact on the systems and controls in place at each of Barclays businesses arising from increasing regulatory demands and rising consumer expectations. And thirdly, the remediation programmes in place to enhance our internal control and regulatory compliance systems and procedures. June 2012 saw the announcement of the penalties imposed on Barclays relating to the industry-wide investigation into the setting of interbank offered rates and this impacted the Committee's agenda in the second half of the year. I report on all of these matters in more detail below.

The approach of our regulators to regulation has continued to be intensive and intrusive, particularly in anticipation of the implementation of the new 'twin-peaks' model of regulation in the UK and the additional focus on conduct risk and outcomes for consumers. During 2012, I held a number of meetings with Barclays regulators in UK and US to discuss our approach to financial reporting, internal controls and regulatory compliance and to hear from them what they expect of the Board Audit Committee and Barclays in this regard. I also interacted regularly with the lead audit partner of Barclays external auditors.

I reported after each Committee meeting to the Board on the main matters discussed in Committee meetings to ensure that all Directors were kept informed of the Committee's agenda. I also made myself available if any Director wished to discuss any particular matters with me in more detail.

Committee composition, skills and experience

Membership of the Committee and attendance at meetings held in 2012 is set out opposite. Tim Breedon joined the Committee with effect from 1 March 2013. Sir Andrew Likierman and I are the designated financial experts on the Committee for the purposes of the US Sarbanes-Oxley Act, although each member of the Committee has a depth of financial expertise and collectively, the Committee has considerable financial and financial services experience on which to draw. More information on the skills and experience of the Committee members may be found in the Directors' biographies on pages 67-69. The Committee is conscious of the need to keep its knowledge up to date and, in early 2012, Committee members attended two briefing sessions on algorithmic trading, covering both the principles of algorithmic trading and the control mechanisms in place.

Ahead of each Committee meeting, I held a private meeting with the members of the Committee at which we discussed any particular items that they wished to raise during the meeting. I also made myself available if any Committee member wished to discuss any particular matters with me and I was in regular contact with management, including the Group Finance Director and Chief Internal Auditor during 2012.

Committee responsibilities and how they were discharged in 2012

The Committee is responsible for:

- monitoring the integrity of the Group's financial reporting and satisfying itself that any significant financial judgements made by management are sound;
- monitoring the Group's internal controls, including internal financial controls; and
- monitoring and reviewing the activities and performance of the internal and external auditor, including monitoring their independence and objectivity.

You can obtain the Committee's full terms of reference on the corporate governance section of Barclays website.

The Committee met 10 times in 2012 and the chart opposite shows the way in which we allocated our time. Committee meetings were attended by management, including the Group Chief Executive, Group Finance Director, Chief Internal Auditor, Chief Risk Officer and General Counsel, as well as representatives from the businesses and other functions from time to time. The external auditor attended each meeting and the Committee held regular private sessions with the Chief Internal Auditor and the external auditor, which were not attended by management. These private sessions allowed us to discuss matters directly with the audit teams.

The main matters and areas of judgement we reviewed and considered during 2012 were as follows:

Financial Reporting and Significant Financial Judgements

With the support of the external auditor, the Committee assessed whether suitable accounting policies had been adopted, whether management had made appropriate estimates and judgements and whether disclosures were balanced and fair. The main areas of focus in 2012 and matters where we specifically considered the judgements that had been made are set out below:

- We considered the presentation of the financial statements and in particular, the presentation of adjusted performance and the adjusting items, including own credit, provisions for product mis-selling redress and the gain on the disposal of Barclays interest in BlackRock, Inc. We discussed the treatment of the LIBOR penalties and agreed with management's judgement that these should not be treated as an adjusting item;
- We received reports on the assumptions underlying the provisions made for product mis-selling redress, specifically PPI and Interest Rate Hedging Products. The trend in PPI claims has proved to be volatile during 2012, resulting in provisions being taken in both the first quarter and the third quarter. A provision for Interest Rate Hedging Products was taken at the half-year. We were content after due challenge and debate with the assumptions made and the judgements applied. As part of reviewing the results for 2012, we considered a recommendation from management that further provisions should be taken in respect of PPI and Interest Rate Hedging Products in the financial results for 2012 and, having reviewed the trend data and provisioning assumptions, agreed with management's recommendation;
- In reviewing the results for 2012, we reviewed the assessments made for goodwill impairment and confirmed, based on management's expectations of future performance of certain businesses, that no goodwill impairment charges were required in 2012;
- We also reviewed the judgements made in respect of tax, in particular, deferred tax assets in Spain and the US, including their recoverability. We supported management's assumptions, based on current forecasts. We reviewed the level of tax provisioning in light of ongoing discussions with HMRC. We believe that the current level of provisions is reasonable;
- At the request of the Board we considered whether the 2012 Annual Report was fair, balanced and understandable and whether it provided the necessary information for shareholders to assess Barclays performance, business model and strategy. We were satisfied that, taken as a whole, the Annual Report is fair, balanced and understandable;
- We reviewed the Group's credit impairment charges, which have reduced overall in 2012, to satisfy ourselves with the appropriateness of the provision;
- We received reports from the Investment Bank Valuations Committee on the processes followed and the judgements made in valuing certain asset classes, in particular, those assets where there is little or no market data. We were content with the rigour of the processes and the resulting valuations;
- Given ongoing uncertainties in the Eurozone, we reviewed and agreed enhanced disclosure of Barclays exposures in selected Eurozone countries, including sovereign debt exposures, and Barclays disclosures in respect of re-denomination risk for certain countries;
- We reviewed disclosures on litigation and competition and regulatory matters contained in Barclays full and half-year results and trading statements, in particular, the statements made with respect to investigations by the Financial Services Authority, Serious Fraud Office, US Department of Justice, and the US Securities and Exchange Commission's investigation into Barclays relationships with third parties who assist it to win or retain business. We also reviewed the disclosure made in respect of civil claims made in connection with Barclays role in the setting of interbank offered rates; and
- We received an update on future accounting standards changes and the potential impact that these may have on Barclays financial statements, particularly the impact of IFRS 10 *Consolidated Financial Statements* and IAS 19 *Employee Benefits*. Some of these new accounting standards will apply for the financial year 2013 and we will continue to assess the impact on our financial statements.

Internal control

To discharge our responsibility to review the effectiveness of the Group's internal controls, we received specific control environment reviews from each of the businesses, we reviewed control issues of Group level significance and specific control issues and also received regular reports on regulatory and compliance matters. Some of the specific matters we reviewed in 2012 are set out below:

- We reviewed the control environment of each of our principal businesses: Europe RBB; UKRBB; Africa; Investment Bank; Barclaycard; Corporate Banking; and Wealth and Investment Management. Given the planned integration of Absa and Barclays Africa, which is a major change programme, we were particularly concerned to understand the potential impact on resources in those businesses as they integrate and automate and standardise processes and controls;
- Technology remained an area of specific focus in 2012, particularly in view of a number of well-publicised IT failures at certain banks and the impact of such failures on business continuity. We regularly reviewed specific IT-related control issues and also the progress of

Board Audit Committee Chairman's Report continued

the remediation work that is under way to address them. We also received an update on cyber-security threats and the defences Barclays has in place against cyber attacks;

- The control environment in the Investment Bank was regularly reviewed, including reviewing the specific action plans that are in place to enhance the control environment and in particular, to enhance the Compliance function. We will continue to review this important workstream in 2013;
- We received regular updates on compliance matters. These included updates on the actions being taken to comply with the Deferred Prosecution Agreement (DPA) entered into as part of the settlement with US authorities following an investigation into Barclays compliance with US sanctions and US Dollar payment practices: all of the actions required by the DPA were completed in 2012. Further details of Barclays compliance with the DPA may be found in the Risk management – Supervision & Regulation section of the Annual Report;
- We also received a number of updates on Anti-Bribery and Corruption, Anti-Money Laundering and Client Assets compliance;
- We were updated on the arrangements Barclays has in place for employees to raise concerns and received reports on any incidents reported and investigated. There was a small increase in the number of reports and concerns raised by employees following the LIBOR announcement, although no new material issues were raised. We continue to regard employee reports as a valuable source of information that helps identify fraud, inappropriate behaviour and control weaknesses; and
- We received an update on the likely direction to be taken by the Conduct Business Unit of the FSA in respect of the governance of conduct risk and will be considering this further in 2013.

Further details of the Group's system of internal control and risk management, including the main features of our internal control and risk management systems in relation to the financial reporting process, are included in the Directors' Report on pages 64-66 and in the Risk management section on pages 313-343.

Oversight of Internal Audit and External Audit

Internal Audit

To fulfil our responsibility to monitor the effectiveness of the internal audit function, we received regular reports from the Chief Internal Auditor, setting out the Internal Audit function's view of the control environment and performance against any key indicators. We also regularly reviewed the Internal Audit Plan, any changes proposed and the level of resourcing available to the Internal Audit function.

A new Chief Internal Auditor was appointed in early 2012 and during the year provided the Committee with his views on the resourcing and effectiveness of the Internal Audit function. 2012 has seen a change in methodology in order to improve the effectiveness of internal audit by focusing audit resources on high-risk auditable entities. In particular, the audit coverage of the Investment Bank has been increased. Given the change in audit methodology, we reviewed and approved the annual Internal Audit plan for 2013 in early 2013.

The Chief Internal Auditor updated the Committee on the work that Internal Audit will carry out as a result of the LIBOR settlement, in order to meet the requirements of the Commodity Futures Trading Commission (CFTC) Order. Regular audits of the LIBOR-setting process will be carried out on a six-monthly basis and a third party audit will also be conducted. We received the first of these reports in late 2012.

Internal Audit's self-assessment of conformance, which we reviewed in the fourth quarter of 2012, evidenced that the function generally conforms to the standards set by the Institute of Internal Auditors. During 2013, an external assessment of the performance of the Internal Audit function will be conducted and the results will be reported to the Committee.

External Audit

It is our responsibility to monitor the performance, objectivity and independence of the external auditor. Each year, we agree the audit plan with the auditor to ensure that the coverage is focused and that there is appropriate overlap with the work of Internal Audit. We also agree the terms of the engagement letter and approve, on behalf of the Board, the fees payable for the audit.

To discharge our responsibility to assess the performance and effectiveness of the auditor, we carried out a survey in the fourth quarter of 2012, seeking views from key stakeholders across the Group. The survey gathered views on the performance and effectiveness of PricewaterhouseCoopers (PwC). The results were reported to the Committee in early 2013 to help inform the Committee's deliberations on the auditor's performance and whether the auditor should be recommended for re-appointment. A more detailed follow-up survey will be conducted at the end of the first quarter of 2013 following completion of the year-end audit.

PwC and its predecessor firms has been Barclays auditor for many years, since 1896, although the lead audit partner now rotates every five years. Based on the 2012 survey results and the Committee's own interactions with PwC, the Committee concluded that it continues to be fully satisfied with the performance of PwC and that PwC continues to be objective and independent. The auditor's objectivity and independence is supported by Barclays policy on non-audit services provided by the auditor, which is described on page 55. PwC also provides specific assurance to the Committee on the arrangements it has in place to maintain its independence and objectivity. The Committee has therefore recommended to the Board and to shareholders that PwC should be re appointed as the Group's auditors at the AGM on 25 April 2013. The Committee recognises however that the length of tenure of auditors is under increasing scrutiny and is therefore considering, in light of the new requirement in the Code that the external audit contract is put out to tender at least every ten years, how and when a tender process might be implemented, particularly given the transitional provisions suggested by the Financial Reporting Council (FRC). A recommended course of action will be proposed to the Board during 2013.

Objectivity and independence of the external auditor

The Committee's responsibility to monitor and review the objectivity and independence of the external auditor is supported by a policy to govern the non-audit services that may be provided by the external auditor. The policy sets out the circumstances in which the external auditor may be permitted to undertake non-audit services. Allowable services are pre-approved up to but not including £100,000, or £25,000 in the case of certain taxation services. Any non-audit service that exceeds these thresholds requires approval from me as Chairman of the Committee and must be robustly justified and, if appropriate, tendered, before it is approved. I closely review all requests for approval, particularly any which concern taxation-related services, and specifically tax advisory services, where our approach is not to use the auditor unless there is a very strong case for not seeking an alternative supplier. The Committee receives a quarterly report on non-audit services undertaken by the auditor so that it can monitor the types of services being provided and the fees incurred.

A breakdown of the fees paid to the auditor for non-audit work may be found in note 44 on page 310. Significant categories of engagement undertaken in 2012 include tax compliance services for assignments initiated pre January 2011 in connection with our expatriate and international assignees and attest and assurance services in connection with the production of a report attesting to the effectiveness of controls in place at some of Barclays US based entities. In each case, approval was only given after a full and thorough assessment of the value case for using the auditor and of the skills and experience that the auditor would bring to each assignment. I also satisfied myself that there were safeguards in place to protect the objectivity and independence of the auditor.

Further details of the non-audit services that are prohibited and allowed under our policy can be found on our website, Barclays.com.

Committee Effectiveness

The performance of the Committee is reviewed each year as part of the Board Effectiveness Review. This year's review concluded that the Committee continues to operate effectively, although there was a slight diminution in the overall score.

Priorities for 2013

For 2013, I anticipate the Committee's areas of focus to be driven primarily by the changing regulatory environment, particularly as the new regulatory regime in the UK is implemented. We will also be seeking to ensure that the control remediation programmes we already have in place are delivered, in addition to having oversight of any action plans that arise from the controls workstream of the Transform Programme.

Sir Michael Rake
Chairman, Board Audit Committee

Board Risk Committee Chairman's Report

"We have been looking to take a more holistic view of risk management, so that we have an enterprise wide view of risk management that goes beyond the management of financial risks."

David Booth
Chairman, Board Risk Committee

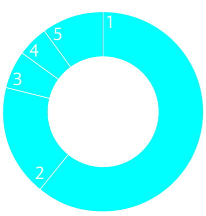
Member	Independent	Meetings eligible to attend
David Booth (Chairman)	Yes	●●●●●●●●●●
Tim Breedon (from 1 December 2012)	Yes	●
Reuben Jeffery[a]	Yes	●●●●●●●●●○
Sir Andrew Likierman	Yes	●●●●●●●●●●
Dambisa Moyo[a]	Yes	●●●●●●●●●○
Sir Michael Rake[a]	Yes	●●●●●●●●○○

Lawrence Dickinson Secretary

● Attended ○ Did not attend

Note
a Unable to attend meetings because of prior commitments.

Board Risk Committee allocation of time %



		2012	2011
1	Risk profile/Risk appetite (including capital and liquidity management)	61	45
2	Key risk issues	18	38
3	Internal control/Risk policies	6	6
4	Regulatory frameworks	5	4
5	Other (including Remuneration and Governance issues)	10	7

David Booth, Chairman of the Board Risk Committee, reports on how the Committee discharged its responsibilities in 2012. From 31 January 2013, the Committee was renamed the Board Financial Risk Committee and oversight of operational risk was assumed by the Board Conduct, Reputation and Operational Risk Committee.

Chairman's overview of 2012

2012 has been another challenging year for the Committee. Global economic conditions, particularly in the Eurozone, have driven much of our agenda. We have been looking to take a more holistic view of risk management, partly in response to regulatory pressure so that we have an enterprise wide view of risk management that goes beyond the management of financial risks, such as credit risk, market risk and funding risk. I held a number of meetings with Barclays regulators in the UK and US during 2012 to discuss our approach to risk management and to understand better our regulators' areas of focus and how this might impact the remit of the Committee.

I continued this year to request that representatives from the business, that is, business unit employees with day-to-day operational responsibility for risk management, attend Committee meetings and present on specific issues. This provided the Committee with a valuable insight into how risk management principles are implemented in the business and gives a sense of the risk management culture in the business.

I submitted a report after each Committee meeting to the Board, to ensure that all Board members were aware of the Committee's areas of focus. I continued to liaise with Sir Michael Rake, Chairman of the Board Audit Committee, to ensure that both Committees had appropriate oversight of risk and control matters. I also met regularly with the Chief Risk Officer, the Chief Internal Auditor and the Group Treasurer. In July 2012, I joined the Board Remuneration Committee, which provides an opportunity for me to provide direct input into remuneration decisions from the perspective of risk management and control.

Committee composition, skills and experience

Membership of the Committee and attendance at meetings held in 2012 is set out opposite. The Committee individually and collectively has experience in finance and financial risk management and that experience and knowledge was strengthened further in late 2012 with the appointment of Tim Breedon to the Committee. More information on the skills and experience of the Committee members may be found in the Directors' biographies on pages 67-69. The Committee is keen to ensure that it has sufficient knowledge and information to be able to discharges its responsibilities effectively and during 2012, Committee members attended two specific briefing sessions, the first on operational risk management, in light of increased regulatory focus in this area, and the second an in-depth review of the Investment Bank's balance sheet.

Committee responsibilities and how they were discharged in 2012

During 2012, the Committee was responsible for:

- recommending to the Board the total level of risk the Group is prepared to take (risk appetite) to achieve the generation of shareholder value;
- monitoring risk appetite, including setting limits for individual types of risk, e.g., credit, market, funding risk and operational risk;
- monitoring the Group's risk profile;
- ensuring that management properly identifies principal risks and that they are being appropriately managed;

- ensuring that risk is taken into account during the due diligence phase of any strategic transaction; and
- providing input from a risk perspective into the deliberations of the Board Remuneration Committee.

You can obtain the Committee's full terms of reference on the corporate governance section of Barclays website. More information on risk management and the internal control framework is included in the Directors' Report on pages 64-66 and in the Risk management section on pages 313-343.

The Committee met 10 times in 2012 and the chart opposite shows the way in which we allocated our time. Committee meetings were attended by management, including the Group Finance Director, Chief Internal Auditor, Chief Risk Officer and General Counsel. The external auditor also attended each meeting. From time to time, senior management below Board and Executive Committee level, including representatives of the risk management function at both Group and business unit level, attended meetings for specific items. The Chief Internal Auditor, in addition to providing input on risk and control matters presented to the Committee, also presented a regular, formal report on risk control issues.

The way in which the Committee discharged its responsibilities during 2012 is described below:

Risk Profile/Risk Appetite

We considered the following matters in 2012:

- The Chief Risk Officer presented a quarterly Group Risk Profile Report, providing an update on credit, market, funding and liquidity and operational risk in each of Barclays main businesses. Given the continuing uncertainties in the Eurozone, our discussions focused primarily on the potential impact of the Eurozone debt crisis, Eurozone sovereign risk and redenomination risk in our European businesses. We received specific reports on Eurozone sovereign risk, including details of Barclays scenario planning in the event of a country exiting the Euro. In addition, we discussed the potential impact on our businesses of failure to resolve the US Fiscal Cliff. We were also updated on specific country risk for countries where the economic outlook may be worsening or where there is risk to our businesses arising from political instability;
- The Group Treasurer provided a quarterly update on capital and liquidity. During 2012, given market conditions and the ongoing uncertainty in the Eurozone, we held two additional meetings specifically to discuss liquidity risk appetite and Barclays liquidity risk management framework. In view of the external environment, and taking into account the potential stresses on Barclays following the announcement of the penalties imposed relating to the industry-wide investigation into the setting of interbank offered rates, for a time over the summer we asked management to implement a revised liquidity risk management framework, in order to extend the time horizon period for Barclays liquidity and to reduce our overall balance sheet leverage. Also during 2012 we agreed to a revised limit framework for Barclays US repo business. Further details of Barclays liquidity risk management framework can be found in the Risk management section. The Group Treasurer also updated the Committee on regulatory changes in liquidity rules, on the introduction of new facilities, such as the Funding for Lending Scheme and on the potential impact of CRD IV;
- We considered and approved the scenarios for Barclays internal stress testing exercise, including a reverse stress test, and later reviewed the results. The stress tests included a potential Eurozone break-up scenario. As in previous years, the stress testing exercises demonstrated that Barclays remains well-capitalised and profitable in a stress scenario; and
- We considered risk appetite for 2013 and recommended it to the Board for approval. Taking a 1 in 7 scenario and a 1 in 25 scenario, we assessed the performance of agreed financial volatility parameters in those scenarios to establish if there are any potential constraints. While the financial volatility parameters are largely unchanged from the prior year, some were recalibrated.
  The proposed risk appetite for 2013 also allows for a higher level of non-credit losses, given the impact in 2012 of such losses, for example, product mis-selling redress. The Committee will monitor risk appetite for 2013 and may revisit it in light of the Transform Programme.

Key Risk Issues

Some of the other specific matters we considered in 2012 were:

- We undertook two specific country and business risk reviews in 2012. We reviewed our operations in India, where we primarily have Investment Banking business and support activities. From that discussion, we asked for loan to deposit ratios on a country by country basis to be reported to the Committee as a key indicator. We also reviewed our business in South Africa in view of the weak economic outlook there and the difficult political environment, which present a number of challenges, particularly in terms of operational risk management. The Committee was content with the actions being taken by management to address these challenges although asked to be kept informed of the progress of certain remediation programmes;
- After the significant trading losses experienced at JPMorgan in 2012, we received a report from management on their understanding of what occurred in this incident and an assessment of the risk management systems and controls in place over any similar trading activity at Barclays. After due consideration, the Committee was satisfied with management's assessment that appropriate systems and controls are in place;
- We received a regular report on the progress of the enhancements that are being made to risk management systems and controls in our Investment Bank business in the US. The Committee will continue to monitor progress in 2013;
- In view of continuing weak global economic conditions, we were updated on Barclays credit rating strategy and on the potential impact on Barclays credit ratings should the UK's credit rating be downgraded. Having discussed and assessed the position, the Committee supported the recommended credit rating strategy and associated programme of engagement with ratings agencies;
- Each year the Committee reviews Tax Risk. In early 2012, HMRC issued a statement concerning the tax treatment of a repurchase of debt by Barclays. In light of that announcement, in its discussion on Tax Risk the Committee focused on tax risk in Barclays Structured Capital Markets business and on the steps being taken to enhance Barclays compliance with both the letter and spirit of its obligations under the HMRC Code of Practice. After discussion and challenge, the Committee was satisfied with the actions being taken by management and asked to be promptly advised should tax risk limits require further review; and

Board Risk Committee Chairman's report continued

- We were updated on Barclays Leveraged Finance business, in particular, the performance of the portfolio and the level of refinancing risk, which has reduced since the end of 2011. Having reviewed the status, the Committee was content with the actions being taken by management to monitor and mitigate refinancing risk.

Internal Control and Risk Management Framework

The Committee conducted its annual review of the Group's internal control and risk management framework (GICAF) to ensure it remains fit for purpose and concluded that it remained so. More details on the GICAF and the Principal Risks Policy can be found in the Directors' Report on pages 64-66 and in the Risk management section on pages 313-343. During 2012, we were updated on conduct risk and the potential areas of focus for the Conduct Business Unit of the FSA. This new focus on conduct risk is likely to have an impact on Barclays Principal Risks Policy and we will assess how conduct risk is reflected in Barclays risk management framework.

The Committee spent a significant amount of time on operational risk matters in 2012, including a specific in-depth briefing session on operational risk and the development of our operational risk management framework. During the year we discussed the effectiveness of the operational risk control framework and whether Barclays control environment is effective relative to the size and complexity of the business. With input from Barclays Internal Audit, we subsequently looked in more detail at five businesses, Absa, Barclays Africa, Investment Bank US, Wealth & Investment Management US and Continental Europe, to assess the general control environment and the resulting levels of operational risk in the context of any growth plans for those businesses. We were satisfied that any growth plans for those businesses are appropriate to the control environment.

Due diligence

The Committee reviewed the due diligence process followed for the acquisition of certain portfolios from Edcon Proprietary Limited and ING Direct UK, to satisfy itself that the due diligence process in each case was thorough. This included reviewing the impact of each transaction on Barclays risk profile and risk appetite. In both cases, the Committee concluded that the due diligence process had been thorough and that the size and the impact of the acquisitions could be accommodated within the Group's agreed risk appetite.

Remuneration

The Committee provided input to the Board Remuneration Committee on the risk metrics to be used to determine financial performance and reviewed the risk function's view of performance, which was used to inform remuneration decisions for 2012. The risk perspective took into account specific matters, such as product mis-selling redress, the penalties relating to the industry-wide investigation into the setting of interbank offered rates and, at the Committee's request, internal control issues. The Remuneration Report on page 72 includes more detail on how risk is taken into account in remuneration decisions.

Committee Effectiveness

As part of the annual Board Effectiveness Review, the performance of the Committee is assessed. This year's review concluded that the Committee continues to operate effectively and there was a slight improvement in the overall score.

Priorities for 2013

I expect the Committee in 2013 to continue to focus on monitoring the risk to Barclays business from the ongoing weak economic conditions in its main geographies. We will also maintain our focus on capital and liquidity, particularly in view of the implementation of CRD IV. The Committee will also seek to understand and act upon any changes required to Barclays risk management framework that might arise as a consequence of the new regulatory regime in the UK.

David Booth
Chairman, Board Risk Committee

Board Citizenship Committee Report

"While retaining its responsibility for oversight of Barclays citizenship strategy, the Committee in 2013 will focus on developing Barclays approach to conduct risk."

Sir David Walker
Chairman, Board Citizenship Committee

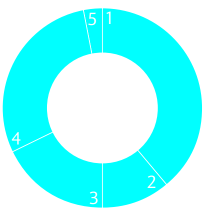
Member	Independent	Meetings eligible to attend
Sir David Walker[a] (from 1 September 2012)	On appointment	●
Marcus Agius (resigned 31 October 2012)	On appointment	●●
Dambisa Moyo	Yes	●●
Sir John Sunderland	Yes	●●

Lawrence Dickinson Secretary

● Attended ○ Did not attend

Note
a Member of the Committee since 1 September 2012, becoming Chairman from 1 November 2012.

Board Citizenship Committee allocation of time %



		2012
1	Citizenship strategy	39
2	Reputation Issues (including reputation risks)	11
3	Regional Citizenship activities	18
4	Policy and Business issues (including conduct issues)	29
5	Other	3

Committee composition, skills and experience

The Committee was established in August 2011 and during 2012 was responsible for the oversight of Barclays conduct with regard to its corporate and societal obligations and its reputation as a responsible corporate citizen. The Committee was also responsible for:

- Reviewing and monitoring the effectiveness of Barclays citizenship strategy, including the management of significant reputational, social and environmental issues; and
- Ensuring the fulfilment of the Board's objective to protect and enhance the brand and reputation of Barclays and ensuring that Barclays is Treating Customers Fairly (TCF).

From the end of January 2013, the Committee was renamed the Board Conduct, Reputation and Operational Risk Committee. You can obtain the Committee's full terms of reference on the corporate governance section of Barclays website.

During 2012, the Committee comprised two non-executive Directors and the Chairman, who chaired the Committee. Membership of the Committee is set out opposite, together with attendance at meetings in 2012. Sir David Walker joined the Committee on his appointment to the Board on 1 September 2012 and took over as Chairman of the Committee on 1 November 2012. Tim Breedon joined the Committee with effect from 1 February 2013 and Diane de Saint Victor joined the Committee with effect from 1 March 2013.

Committee responsibilities and how they were discharged in 2012

The Committee met twice in 2012. The chart opposite shows how the Committee allocated its time at those meetings. During the year, the Committee conducted the following business:

- Reviewed the citizenship disclosure in the 2011 Annual Report;
- Received an update on Barclays citizenship strategy and discussed the five-year citizenship plan;
- Reviewed the plans for the 2012 Barclays Citizenship Day;
- Reviewed the activities of the Global Investment Committee, which manages Barclays community investment programme;
- Conducted in-depth reviews of regional citizenship activity in Barclays businesses in the UK, US and Africa;
- Received updates on specific areas of focus such as supply chain management, human rights, complaints and agricultural commodities trading;
- Reviewed and approved Barclays reputational risk control framework and policy; and
- Received an update on Barclays TCF agenda and discussed the progress made against objectives.

Committee Effectiveness

The performance of the Committee was reviewed as part of the Board Effectiveness Review. The review concluded that the Committee had operated effectively, although it was recognised that it was in its first full year of operation and its role and responsibilties will become more defined in future.

Priorities for 2013

With effect from 31 January 2013, the Committee's remit was broadened to include conduct, reputation and operational risk and it was renamed the Board Conduct, Reputation and Operational Risk Committee. It will retain responsibility for oversight of Barclays citizenship strategy. The Committee is expected to focus in 2013 on developing Barclays approach to conduct risk in the context of the UK regulator's new focus on conduct risk and outcomes for consumers.

Relations with Shareholders

Shareholder type	
Institutional Shareholders	Barclays Investor Relations is dedicated to managing long term relationships with institutional investors and sell-side analysts. A structured Investor Relations programme is in place to ensure regular communication with shareholders and access to the Group Chief Executive and Group Finance Director as well as senior management from across the business. Shareholder engagement is spread throughout the year, with particular focus around results periods, which provide the opportunity for regular dialogue with current and prospective investors. Approximately half of our investor engagement is conducted by executive management, with the remainder led by Barclays Investor Relations. In addition to the global programme of investor meetings, Barclays also participates regularly in investor conferences designed to provide access to a wider audience. Barclays also hosts seminars for investors and analysts on business specific topics led by senior management. Relationships with sell-side analysts are maintained through regular dialogue with Investor Relations and formal briefings with executive management. Views expressed by shareholders are communicated effectively to the Board. The Chairman and Senior Independent Director also meet regularly with Barclays larger shareholders to hear their views on corporate governance matters, including remuneration and Board composition.
Debt Investors	A dedicated Debt Investor Relations team within Investor Relations was set up in the autumn of 2012, with the aim of proactively engaging with fixed income investors and credit analysts in a way that presents a single (equity and debt) face to the market. The team has led numerous meetings, including supporting Treasury in the global marketing of the Contingent Capital Notes issuance in November 2012, and is the primary contact for credit rating agencies. The Debt Investor Relations team has also launched a new debt focused section in the Investor Relations section of Barclays website, which provides information on the Group's capital, funding and liquidity positions as well as credit ratings. During 2013, Debt Investor Relations will continue to work closely with Treasury to deliver structured, targeted and disciplined debt investor engagement.
Private Shareholders	Barclays has a large private shareholder base and understands the need to treat all shareholders fairly, following industry best practice in terms of disclosure. We recently re-consulted all of our private shareholders on how they would like to receive their shareholder information. We believe that communicating electronically with our shareholders ensures that they receive regular, up to date information about Barclays directly to their inbox. For example, we email all Barclays e-view members with our quarterly financial results and dividend information. They can also vote online for AGMs, view any transactions on their shareholding, instantly update their personal and bank details and receive an electronic dividend tax voucher. It is also beneficial for the environment and lowers costs for Barclays. We therefore actively encourage private shareholders to join Barclays e-view. Shareholders can sign up to Barclays e-view at www.eviewsignup.co.uk. We also encourage our private shareholders to hold their shares in Barclays Sharestore, where shares are held electronically in a cost-effective and secure environment. We maintain a dedicated email address and Barclays Shareholder Helpline with our registrars so that our shareholders can easily contact them if they have any questions about their shareholding. In order to ensure that the registrar provides the highest quality of service to our shareholders, we regularly monitor their operational performance via monthly meetings at which management information on transactions undertaken by the registrar are discussed in detail, together with service level reports. We are aware that, sometimes, shareholders do not keep their personal details on the shareholder register up to date. We recently conducted a tracing process using our search agent, Prosearch, to reunite over 24,000 Barclays Sharestore members identified by the registrar as having lost contact with us, with their shares and unclaimed dividends. As at 31 December 2012, we had returned £1.8m of unclaimed dividends to our shareholders. A wide range of information for all our shareholders can be found on our website Barclays.com. We ensure that all documents produced for investor events are provided on the Investor Relations section of our website. Private shareholders can discuss their concerns with us by email: privateshareholderrelations@barclays.com or in writing to Shareholder Relations at Barclays PLC, 1 Churchill Place, London E14 5HP.

Remuneration

Sir John Sunderland, who became Chairman of the Remuneration Committee in July 2012, reports on the Board Remuneration Committee's activities during 2012 in the remuneration report on pages 72-103.

Relations with Shareholders

Understanding the views of shareholders
Part of the Chairman's responsibility is ensuring that there is effective communication with shareholders. The Chairman is in regular contact with institutional shareholders and reports back to the Board on any significant issues that are raised. The Group Chief Executive, Group Finance Director and Senior Independent Director also had regular contact with shareholders during 2012 and the Chairman of the Board Remuneration Committee also held a series of meetings with key shareholders to discuss the Group's remuneration structure and policy.

During 2012, the Board received the results of an investor audit, conducted by one of Barclays investor relations advisers, which set out views gathered from interviews with a number of Barclays investors on Barclays strategy, priorities, businesses, capital, funding and liquidity and management. It also provided a view on the outlook for stock market conditions. Directors receive a weekly briefing note from the Group Chief Executive, which includes share price and market information. Analyst notes are made available to Directors on a regular basis.

Engaging effectively with investors
Barclays understands the need to engage with its investors in a meaningful way and for such communication to be transparent to facilitate a mutual understanding of respective objectives. Interaction with investors falls into four main areas: institutional shareholders, debt investors, private shareholders and the AGM.

General shareholder information can be found on Barclays website, Barclays.com/investorrelations

AGM
The Board as a whole understands the importance of communicating effectively with shareholders and is committed to the constructive use of the AGM to meet with shareholders, hear their views and to answer their questions. All Directors are required to attend the AGM. They all attended the 2012 AGM which was held on Friday, 27 April 2012. The Chairman as well as the Chairmen of the Board Committees were available to answer shareholders' questions. In accordance with best practice, all resolutions were considered on a poll, which was conducted by the registrar and monitored by independent scrutineers. The results, along with proxy votes lodged prior to the meeting, were made available on our website the same day. The votes cast at the meeting represented 60-67% of all the shares in issue and all resolutions were approved.

The 2013 AGM, will be held on Thursday, 25th April 2013 at the Royal Festival Hall in London. The Notice of AGM can be found in a separate document, which is sent out at least 20 working days before the meeting. The Notice of AGM and the accompanying circular, which sets out a clear explanation of each resolution to be proposed at the meeting, can also be found at www.Barclays.com/AGM. The resolutions will be considered on a poll and the results will be announced via the Regulatory News Service and made available on our website on the same day.

Shareholders unable to attend the AGM are encouraged to vote in advance of the meeting via www.barclays.com/investorrelations/vote. They may also submit questions to the Board by writing to Shareholder Relations at the address given above.

Statements of Compliance

UK Corporate Governance Code
As Barclays is listed on the London Stock Exchange, we comply with the UK Corporate Governance Code (the Code). A revised Code came into effect in 2012, applying to financial years beginning on or after 1 October 2012. Having adopted some of the provisions of the Code early, Barclays has chosen to report in this report as though the revised Code was in effect throughout 2012. For the year ended 31 December 2012, we have complied with the relevant provisions set out in the Code and applied the principles of the Code as described in this report, except as disclosed below:

- Provision A.2.1 of the Code requires that the roles of chairman and chief executive are not exercised by the same individual. For a period during July and August 2012, Barclays was without a Chief Executive and Marcus Agius, the then Chairman, became full-time Chairman and Chairman of the Executive Committee. The terms of Mr Agius's appointment as full-time Chairman provided that he could not exercise any executive powers without prior discussion with the Executive Committee. The appointment of Mr Agius as full-time Chairman was a short term measure pending the appointment of a new Chief Executive and, during this time, Barclays maintained a strong non-executive Director element on the Board, including a Deputy Chairman, who was appointed in July 2012.
- Provision D.2.2 of the Code requires that the remuneration committee should have delegated responsibility for setting remuneration for the Chairman. The remuneration for Sir David Walker, who was appointed as Chairman during 2012, was set by the non-executive Directors, led by Sir John Sunderland, Chairman of the Board Remuneration Committee, as part of the process of appointing the new Chairman. Barclays does not consider this to be any less effective than delegating the question of the Chairman's remuneration to the Board Remuneration Committee.

Provision C.3.7 of the Code requires that the external audit contract is put out to tender at least every ten years. This requirement is a new provision in the Code that applies for financial years beginning on or after 1 October 2012. Barclays external audit contract has not been re-tendered at any time in the past ten years. Given the complexity of the Barclays audit and the significant work that would be involved in putting the audit out to tender, Barclays is considering how it might comply with this provision in future, taking into account the non-binding transitional provisions suggested by the FRC which were issued along with the revised Code.

Further information on the Code can be found at www.frc.org.uk

Disclosure and Transparency Rules
Certain additional information that is required to be disclosed pursuant to DTR7.2.6 may be found in the Directors' Report on pages 62-66.

New York Stock Exchange (NYSE)
NYSE rules permit Barclays to follow UK corporate governance practices instead of those applied in the US, provided that any significant variations are explained. This explanation is contained in Barclays Form 20-F filing, which can be accessed from the Securities and Exchange Commission's (SEC) EDGAR database or via the website www.Barclays.com

David Walker

Sir David Walker
Chairman

5 March 2013

Directors' report

Principal Activities and Business Review

Barclays is a major global financial services provider engaged in retail banking, credit cards, corporate and investment banking and wealth management, with an extensive international presence. The Group operates through branches, offices and subsidiaries in the UK and overseas.

The Directors are required to set out in this report a fair review of the business of the Group during the financial year ended 31 December 2012 and of the position of the Group at the end of the financial year and a description of the principal risks and uncertainties facing the Group (known as a Business Review). The purpose of the Business Review is to enable shareholders to assess how the Directors have performed their duties under section 172 of the Companies Act 2006 (to promote the success of the Company). The information that fulfils the requirements of the Business Review can be found in this report and the following sections of the Annual Report, which are incorporated into this report by reference.

	Pages
Group Chief Executive's review	8-9
What we want to be	10-11
How we will get there	12-13
How we create value	14
Business review	16-23
Group Finance Director's review	24-25
Financial review	197-224
Key performance indicators	198-201
Citizenship	30-31
People	71
Risk management	26-27, and 313-343
Risk factors	108-115

Other information that is relevant to the Directors' Report, and which is incorporated by reference into this report, can be located as follows:

	Pages
Likely future developments	4-23
Employee involvement	71
Policy concerning the employment of disabled persons	71
Financial instruments	252-270
Remuneration policy, including details of the remuneration of each Director and Directors' interests in shares	72-103
Corporate governance report	37-103
Rights and obligations attaching to shares	346-349
Restrictions on the transfer of securities	346-349
Restrictions on voting rights	346-349

Profit and dividends

The loss for the financial year, after taxation, was £236m (2011: £3,951m profit). The final dividend for 2012 of 3.5p per share will be paid on 15 March 2013 to shareholders whose names were on the Register of Members at the close of business on 22 February 2013. With the interim dividends totalling 1.0p per ordinary share, paid in June, September and December 2012, the total distribution for 2012 is 6.5p (2011: 6.0p) per ordinary share. The interim and final dividends for 2012 amounted to £793m (2011: £728m).

Board of Directors

The names of the current Directors of Barclays PLC, along with their biographical details, are set out on pages 67-69 and are incorporated into this report by reference. Bob Diamond, Alison Carnwath and Marcus Agius left the Board with effect from 3 July 2012, 24 July 2012 and 31 October 2012 respectively. Sir David Walker, Antony Jenkins and Tim Breedon joined the Board on 1 September 2012, 30 August 2012 and 1 November 2012 respectively. There were no other changes to Directors in 2012. Diane de Saint Victor was appointed as a Director with effect from 1 March 2013.

Appointment and retirement of Directors

The appointment and replacement of Directors is governed by the Company's Articles of Association (the Articles), the UK Corporate Governance Code (the Code), the Companies Act 2006 and related legislation. The Articles may only be amended by a special resolution of the shareholders.

The Board has the power to appoint additional Directors or to fill a casual vacancy amongst the Directors. Under the Articles, any such Director holds office only until the next AGM and may offer himself/herself for re-election. The Articles also require that at each AGM at least one-third (rounded down) of the Directors retire by rotation. The retiring Directors are eligible to stand for re-election. The Code recommends that all Directors of FTSE 350 companies should be subject to annual re-election, and all Directors will stand for election or re-election at the 2013 AGM with the exception of Sir Andrew Likierman, who having served on the Board for nine years, will retire at the 2013 AGM and will not offer himself for re-election.

Directors' indemnities

The Company maintains Directors' and Officers' liability insurance which gives appropriate cover for any legal action brought against its Directors. In addition, qualifying third party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in force during the course of the financial year ended 31 December 2012 for the benefit of the then Directors and, at the date of this report, are in force for the benefit of the Directors in relation to certain losses and liabilities which they may incur (or have incurred) in connection with their duties, powers or office.

Creditor payment policy

Barclays policy follows the Department for Business, Innovation & Skills' Prompt Payment Code, copies of which can be obtained from the Prompt Payment Code website at www.promptpaymentcode.org.uk. The trade creditor payment days for Barclays Bank PLC for 2012 were 38 days (2011: 37 days[a]). This is an arithmetical calculation based on the Companies Act regulations and does not necessarily reflect our practice, nor the experience of any individual creditor.

Note

a The 2011 figure is restated as the figure reported in the 2011 Directors' Report did not include data from all business divisions.

Political donations

The Group did not give any money for political purposes in the UK or the rest of the EU nor did it make any political donations to political parties or other political organisations, or to any independent election candidates, or incur any political expenditure during the year. Absa Group Limited, in which the Group has a majority stake, made donations totalling £185,666 in 2012 (2011: £224,158) in accordance with its policy of making political donations to the major South African political parties as part of their Democracy Support Programme. The Group made no other political donations in 2012.

In accordance with the US Federal Election Campaign Act, Barclays provides administrative support to a federal Political Action Committee (PAC) in the USA funded by the voluntary political contributions of eligible Barclays employees. The PAC is not controlled by Barclays and all decisions regarding the amounts and recipients of contributions are guided by a steering committee comprised of eligible contributors. Contributions to political organisations reported by the PAC during the calendar year 2012 election cycle totalled $63,564 (2011 $43,436).

Charitable donations

Barclays provides funding and support to over 8,500 charities, voluntary organisations and social enterprises ranging from small local organisations, such as Bikeworks, which provides disadvantaged young people in London with training to help them develop key skills to find employment in the cycling industry, to international organisations such as CARE International. The Group committed £32.1m in support of the community in the UK (2011: £30.3m), including charitable donations of £22.5m (2011: £22.6m). Further information on our community involvement can be found on pages 30-31.

Environment

In 2011 we launched the Barclays Climate Action Programme – a four-year plan which focuses on addressing environmental issues where we believe we have the greatest potential to make a difference. The Programme focuses on managing our own carbon footprint and reducing our absolute carbon emissions, developing products and services to help enable the transition to a low-carbon economy, and managing the risks of climate change to our operations, clients, customers and society at large. We invest in improving the energy efficiency of our operations and offset the emissions remaining through the purchase of carbon credits. We also have a long standing commitment to managing the environmental and social risks associated with our lending practices, which is embedded into our Credit Risk processes. A governance structure is in place to facilitate clear dialogue across the business and with suppliers around issues of potential environmental and social risk. More details may be found on our website at www.barclays.com/citizenship.

We are currently preparing for the forthcoming mandatory carbon reporting regulations coming into force in April 2013, requiring all UK companies listed on the London Stock Exchange to disclose their global emissions in the Director's Report. We are awaiting the publication of the finalised requirements of the legislation by the UK Government but do not foresee any significant challenges in adhering to the new regulation.

Essential contracts or arrangements

There are no persons with whom the Group has contractual or other arrangements that are considered essential to the business of the Group.

Contracts of significance

Barclays provided BlackRock, Inc. with customary warranties and indemnities in connection with the sale of Barclays Global Investors (BGI) to BlackRock, Inc. in 2009. Barclays continued to provide indemnities in respect of certain of BGI's fully collateralised securities lending activities until 30 November 2012 and will continue to provide support in respect of certain BGI cash funds until December 2013.

Research and development

In the ordinary course of business the Group develops new products and services in each of its business divisions.

Share capital

Share capital structure

The Company has Ordinary Shares in issue. The Company's Articles also allow for the issuance of Sterling, US Dollar, Euro and Yen preference shares (preference shares). No preference shares have been issued as at 28 February 2013 (the latest practicable date for inclusion in this report). Ordinary shares therefore represent 100% of the total issued share capital as at 31 December 2012 and at 28 February 2013. Details of the movement in Ordinary Share capital during the year can be found in Note 32 on page 289.

On 31 October 2008, Barclays PLC issued, in conjunction with a simultaneous issue of Reserve Capital Instruments issued by Barclays Bank PLC, warrants (the Warrants) to subscribe for up to 1,516.9 million new Ordinary Shares at a price of £1.97775. As at 31 December 2012 there were unexercised Warrants to subscribe for 379.2 million Ordinary Shares. On 13 February 2013 Barclays PLC and Barclays Bank PLC announced that they had entered into an agreement with Deutsche Bank AG and Goldman Sachs International (the Warrantholders) pursuant to which the Warrantholders had agreed to exercise in aggregate 379.2m outstanding Warrants. As a consequence of this agreement no other Warrants remain outstanding. Details of changes to the share capital structure which have taken place since the year end are detailed in Note 46 Events After the Balance Sheet Date.

Exercisability of rights under an employee share scheme
Employee Benefit Trusts (EBTs) operate in connection with certain of the Group's Employee Share Plans (Plans). The trustees of the EBTs may exercise all rights attached to the shares in accordance with their fiduciary duties other than as specifically restricted in the relevant Plan governing documents. The trustees of the EBTs have informed the Company that their normal policy is to abstain from voting in respect of the Barclays shares held in trust. The trustees of the Global Sharepurchase EBT and UK Sharepurchase EBTs may vote in respect of Barclays shares held in the EBTs, but only as instructed by participants in those Plans in respect of their Parternership shares and (when vested) Matching and Dividend shares. The trustees will not otherwise vote in respect of shares held in the Sharepurchase EBTs.

Special rights
There are no persons holding securities that carry special rights with regard to the control of the Company.

Substantial shareholders
Substantial shareholders do not have different voting rights from those of other shareholders. Information provided to the Company by substantial shareholders pursuant to the Financial Services Authority's (FSA) Disclosure and Transparency Rules (DTR) is published via a Regulatory Information Service and is available on the Company's website. As at 31 December 2012, the Company had been notified under Rule 5 of the DTR of the following holdings of voting rights in its shares.

Person interested	Number of Barclays Shares	% of total voting rights attaching to issued share capital[a]
His Highness Sheikh Mansour Bin Zayed Al Nahyan[b]	858,546,492	7.02
Qatar Holding LLC[c]	813,964,552	6.65
BlackRock, Inc.[d]	805,969,166	7.06
Legal & General Group plc[e]	480,805,132	3.99
The Capital Group Companies Inc[f]	371,944,325	3.04

Notes
a The percentage of voting rights detailed above was calculated at the time of the relevant disclosures made in accordance with Rule 5 of the DTR.
b Total shown comprises (1) 758,437,618 shares that are legally owned by PCP Gulf Invest 3 Limited, which is wholly owned by Nexus Capital Investing Limited (NCIL). NCIL is in turn wholly owned by Abu Dhabi International United Investments LLC, which is in turn wholly owned by His Highness Sheikh Mansour Bin Zayed Al Nahyan (HHSM); and (2) 100,108,874 cash-settled options referencing ordinary shares that are legally owned by Yas Capital Limited (YCL), which is, in turn, wholly owned by HHSM. YCL has no right to acquire or exercise any voting rights in Barclays PLC. Following an increase during February 2013 in issued share capital to which voting rights are attached, the Company was notified on 4 March 2013 that, in aggregate, HHSM is indirectly interested in 783,509,699 ordinary shares, comprising 758,437,618 shares held by PCP Gulf Invest 3 Limited and 25,072,081 cash-settled options referencing ordinary shares held by YCL, representing 6.09% of total voting rights attaching to issued share capital.
c Qatar Holding LLC is wholly-owned by Qatar Investment Authority.
d Total shown includes 8,003,236 contracts for difference to which voting rights are attached.
e Legal & General Group plc's interest is held by Legal & General Assurance (Pensions Management) Limited.
f The Capital Group Companies Inc (CG) holds its shares via CG management companies and funds. On 30 January 2013, the Company was notified that CG was interested in 492,653,250 shares, representing 4.02% of total voting rights attaching to issued share capital.

Powers of the Directors to issue or buy back the Company's shares
The powers of the Directors are determined by the Companies Act 2006 and the Company's Articles. The Directors are authorised to issue and allot shares, and to repurchase shares subject to annual shareholder approval at the AGM. Such authorities were granted by shareholders at the 2012 AGM. It will be proposed at the 2013 AGM that the Directors be granted new authorities to allot and buy-back shares.

Repurchase of shares
The company did not repurchase any of its Ordinary Shares during 2012 (2011: none). As at 28 February 2013, the Company had an unexpired authority to repurchase Ordinary Shares up to a maximum of 1,220,174,570 Ordinary Shares.

Change of control
Warrants issued by Barclays PLC provided that if there is a change of control of Barclays PLC following a takeover bid, Barclays PLC must (so far as legally possible) use all reasonable endeavours to cause the corporation which then controls Barclays PLC to execute a deed poll providing that holders of the Warrants shall have the right (during the period in which the Warrants are exercisable) to exercise the Warrants into the class and amount of shares and other securities and property receivable upon such a takeover by the holders of the number of Ordinary Shares as would have been issued on exercise of the Warrants had such Warrants been exercised immediately prior to the completion of such takeover. The Warrants contained provisions for the adjustment of the gross number of Ordinary Shares in the event of the occurrence of certain dilutive events including, amongst others, extraordinary dividends, bonus issues, alterations to the nominal value of Ordinary Shares and rights issues. All outstanding Warrants were excercised on 13 February 2013.

There are no other significant agreements to which the Company is a party that are affected by a change of control of the Company following a takeover bid. There are no agreements between the Company and its Directors or employees providing for compensation for loss of office or employment that occurs because of a takeover bid.

Risk management and internal control
The Directors have responsibility for ensuring that management maintain an effective system of risk management and internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

Barclays is committed to operating within a strong system of internal control that enables business to be transacted and risk taken without exposing itself to unacceptable potential losses or reputational damage. The Group Internal Control and Assurance Framework (GICAF) is the overarching framework that sets out Barclays approach to internal governance. It establishes the mechanisms and processes by which the Board directs the organisation, through setting the tone and expectations from the top, delegating its authority and monitoring compliance. The purpose of the GICAF is to identify and set minimum requirements in respect of the main risks to achieving the Group's strategic objectives and to provide reasonable assurance that internal controls are effective. The key elements of the Group's system of internal control, which is aligned to the recommendations of The Committee of Sponsoring Organizations of the Treadway Commission (COSO), are set out in the risk control frameworks relating to each of the Group's Key Risks and in the Group operational risk framework. As well as incorporating our internal requirements, these reflect material Group-wide legal and regulatory requirements relating to internal control and assurance. The GICAF is reviewed and approved on behalf of the Group Chief Executive by the Group Governance and Control Committee at least annually. The Board Risk Committee also reviews the GICAF annually.

Effectiveness of internal controls

The Directors review the effectiveness of the system of internal control semi-annually. An internal control compliance certification process is conducted throughout the Group in support of this review. Key controls are also assessed on a regular basis for both design and operating effectiveness. Issues arising out of business division risk and control assessments are considered to identify pervasive themes. Where appropriate, individually significant issues or those affecting more than one business division may be categorised as having Group level significance and are reported to the Board Audit Committee via the Group Governance and Control Committee. The Board Audit Committee monitors resolution of any identified control issues of Group level significance through to a satisfactory conclusion. In addition, regular reports are made to the Board Audit Committee by management, internal audit and the finance, compliance and legal functions covering in particular financial controls, compliance and other operational controls.

Risk management and internal control framework

Processes are in place for identifying, evaluating and managing the significant risks facing the Group in accordance with the guidance 'Internal Control: Revised Guidance for Directors on the UK Corporate Governance Code' published by the Financial Reporting Council (the Turnbull Guidance). These processes include an attestation procedure which requires all significant processes and identified material risks to be assessed and recorded, together with the related key controls by the Heads of Divisions, Businesses and Functions. As part of this, specific consideration is given to relevant information, including as a minimum, legal entities; any open control issues; any outstanding internal and external audit findings; regulatory reviews and any outstanding regulatory compliance matters; compliance with Group level policies; records of operational incidents and loss/risk events; experience of all types of fraud; and any other material control-related matters that have been raised either by management or via independent/external review. The status of any remediation in connection with these matters is also considered. The results of this attestation procedure were reported to the Board Audit Committee in February 2013, when it was noted that although several of the Group Key Risk Owner attestations received refer to outstanding control design/operating effectiveness issues, these had all been assessed against risk appetite and none of these had prevented the Heads of Divisions, Businesses or Functions from providing a Turnbull statement. All these issues had identified remediation tasks and attributed timescales for resolution (or timescales being determined).

The Board regularly reviews these processes through its principal Board Committees. Regular risk reports are made to the Board covering risks of Group significance including credit risk, market risk, funding risk, operational risk and legal risk. The Board Risk Committee receives reports covering the Principal Risks as well as reports on risk measurement methodologies and risk appetite. Further details of risk management procedures are given in the Risk management section on pages 313-343.

As discussed in the Risk management section of the Annual Report a number of matters were public during the course of 2012 which related to failings in the design and/or operation of certain controls other than those over financial reporting. Whilst the matters were disclosed in 2012, the failings giving rise to those issues occurred in prior periods. Management has reviewed the specific control processes impacted and concluded that these are now designed and operating effectively. Areas of ongoing control remediation are not considered to constitute material control failings.

Controls over financial reporting

A framework of disclosure controls and procedures is in place to support the approval of the Group's financial statements. The Legal and Technical Review Committee is responsible for reviewing the Group's financial reports and disclosures to ensure that they have been subject to adequate verification and comply with legal and technical requirements, and reports its conclusions to the Disclosure Committee. The Disclosure Committee, which is chaired by the Group Finance Director, considers the content, accuracy and tone of the disclosures, reporting its conclusions to the Group Executive Committee and the Board Audit Committee, both of which review its conclusions and provide further challenge. Finally, the Board reviews and approves results announcements and the Annual Report for publication and ensures that appropriate disclosures have been made. This governance process is in place to ensure both management and the Board are given sufficient opportunity to review and challenge the Group's financial statements and other significant disclosures before they are made public. It also provides assurance for the Group Chief Executive and Group Finance Director when providing certifications as required under the Sarbanes-Oxley Act 2002 and recommended by the Turnbull Guidance.

Throughout the year ended 31 December 2012, and to date, the Group has operated a system of risk management and internal control which provides reasonable assurance of effective and efficient operations covering all controls, including financial and operational controls and compliance with laws and regulations.

Management's report on internal control over financial reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed under the supervision of the principal executive and principal financial officers to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and the International Accounting Standards Board (IASB).

Internal control over financial reporting includes policies and procedures that pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets; provide reasonable assurances that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS and that receipts and expenditures are being made only in accordance with authorisations of management and the respective Directors; and provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use or disposition of assets that could have a material effect on the financial statements.

Internal control systems, no matter how well designed, have inherent limitations and may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that internal controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management has assessed the effectiveness of internal control over financial reporting as of 31 December 2012. In making its assessment, management has utilised the criteria set forth by COSO. Management concluded that, based on its assessment, the internal control over financial reporting was effective as of 31 December 2012. Our independent registered public accounting firm has issued a report on the Group's internal control over financial reporting, which is set out on page 230.

The system of internal financial and operational controls is also subject to regulatory oversight in the UK and overseas. Further information on supervision by the financial services regulators is provided under Supervision and Regulation in the Risk review section on pages 190-195.

Changes in internal control over financial reporting
There have been no changes in the Group's internal control over financial reporting that occurred during the period covered by this report which have materially affected or are reasonably likely to materially affect the Group's internal control over financial reporting.

Going concern

The Group's business activities and financial position, the factors likely to affect its future development and performance, and its objectives and policies in managing the financial risk to which it is exposed and its capital are discussed in the Business Review and Risk Management section.

The Directors have assessed, in the light of current and anticipated economic conditions, the Group's ability to continue as a going concern. The Directors confirm they are satisfied that the Company and the Group have adequate resources to continue in business for the foreseeable future. For this reason, they continue to adopt the 'going concern' basis for preparing accounts.

Disclosure of information to auditor

Each Director confirms that, so far as he/she is aware, there is no relevant audit information of which the Company's auditors are unaware and that each Director has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Directors' Responsibilities

The following statement, which should be read in conjunction with the Auditors' report set out on page 229, is made with a view to distinguishing for shareholders the respective responsibilities of the Directors and of the auditors in relation to the accounts.

The Directors are required by the Companies Act 2006 to prepare accounts for each financial year and, with regards to Group accounts, in accordance with Article 4 of the IAS Regulation. The Directors have prepared individual accounts in accordance with IFRS as adopted by the EU. The accounts are required by law and IFRS to present fairly the financial position of the Company and the Group and the performance for that period. The Companies Act 2006 provides, in relation to such accounts, that references to accounts giving a true and fair view are references to fair presentation.

The Directors consider that, in preparing the accounts on pages 231-311, and the additional information contained on pages 116-195, the Group has used appropriate accounting policies, supported by reasonable judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

Having taken all the matters considered by the Board and brought to the attention of the Board during the year into account, the Directors are satisfied that the annual report and accounts, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's performance, business and model.

The Directors have responsibility for ensuring that the Company and the Group keep accounting records which disclose with reasonable accuracy the financial position of the Company and the Group and which enable them to ensure that the accounts comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors confirm to the best of their knowledge that:

(a) The financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of Barclays PLC and the undertakings included in the consolidation taken as a whole; and

(b) The management report, which is incorporated into the Directors' Report on pages 62-66, includes a fair review of the development and performance of the business and the position of Barclays PLC and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the Board

Lawrence Dickinson
Company Secretary
5 March 2013

Barclays PLC
Registered in England, Company No. 48839

Board of Directors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1. Sir David Walker (73)
Chairman

Skills and experience
Sir David joined the Board as a non-executive Director on 1 September 2012, and was appointed as Chairman on 1 November 2012. He began his career in 1961 with Her Majesty's Treasury, where, with a period on secondment to the International Monetary Fund in Washington (1969-1973), he served until 1977. From 1977-1993, Sir David held several key positions at the Bank of England where, in 1981, he became one of four Executive Directors of the Bank. From 1988-92 he was Chairman of the Securities & Investment Board and, ex officio, a nominated member of the Council of Lloyd's over the same period. He was a non-executive member of the Court of the Bank of England from 1988-1993. Sir David was a non-executive board member of the former CEGB and subsequently of National Power plc between 1984 and 1994. He was formerly Chairman of Reuters Venture Capital, Vice-Chairman of the Legal and General Group and was Chairman of the London Investment Bankers' Association for four years until June 2004. Sir David joined Morgan Stanley in 1994, where he was Chairman and CEO, Morgan Stanley International, and subsequently Chairman. At the end of 2005, he retired as Chairman but remained a Senior Advisor until the end of August 2012.

Since 2007 Sir David has completed two reports and made recommendations in respect of the private equity industry and corporate governance at financial institutions. He also co-led the independent review of the report that the FSA produced into the failure of Royal Bank of Scotland and was a member of the four-person Committee chaired by Lord Woolf (former Lord Chief Justice) into ethical business conduct in BAE Systems plc, which reported in May 2008.

Other principal external appointments
Sir David has been a member of the Group of Thirty (G30) since 1993: he is a trustee of the Group and was Treasurer from 1997-2004. He is also a trustee of the Cicely Saunders Foundation and was Chairman of the Business Leaders' Group of the East End charity Community Links from 1995-2011.

Committee membership
Member of the Board Remuneration Committee, the Board Corporate Governance & Nominations Committee and the Board Conduct, Reputation and Operational Risk Committee since 1 September 2012; Chairman of the Board Corporate Governance and Nominations Committee and Board Conduct, Reputation and Operational Risk Committee since 1 November 2012; Chairman of the Board Enterprise Wide Risk Committee since its formation in January 2013.

2. Antony Jenkins (51)
Group Chief Executive; Executive Director

Skills and experience
Antony was appointed Group Chief Executive on 30 August 2012, having previously been Chief Executive of Barclays Retail and Business Banking business since November 2009. He started his career at Barclays in 1983, where he completed the Barclays Management Development Programme before going on to hold various roles in retail and corporate banking. He moved to Citigroup in 1989, working in both London and New York. In January 2006, he rejoined Barclays as Chief Executive of Barclaycard, where he led a revival in the fortunes of the business. He joined the Barclays Executive Committee in November 2009.

Other principal external appointments
Member of the Board of Directors of the Institute of International Finance from February 2013. Between February 2009 and February 2013, Antony represented Barclays as a Non-executive Director on the Board of Absa, the Group's South African banking subsidiary. He was also on the Board of Visa Europe Ltd between October 2008 and December 2011.

Committee membership
Chairman of the Group Executive Committee

3. David Booth (58)
Non-executive Director

Skills and experience
David joined the Board in May 2007 as a non-executive Director. David has extensive banking industry knowledge and experience, having previously been employed by Morgan Stanley from 1982 to 1992, and again from 1995 to 1997. David held various key positions within the company, including Head of Government Bond Trading, Head of Mortgage Trading, Sales and Finance and Head of Global Operations and Technology. Having retired from the Management Committee of Morgan Stanley in 1997, David now manages his own venture capital investments.

Other principal external appointments
President of East Ferry Investors, Inc.

Committee membership
Chairman of the Board Financial Risk Committee since January 2010 (member since January 2008); Member of Board Corporate Governance and Nominations Committee since January 2010; Member of the Board Remuneration Committee since July 2012; Member of the Board Enterprise Wide Risk Committee since its formation in January 2013.

4. Tim Breedon (55)
Non-executive Director

Skills and experience
Tim was appointed to the Board as a non-executive Director with effect from 1 November 2012. He was Group Chief Executive of Legal & General Group plc (L&G), until June 2012. Tim joined L&G in 1987, holding a number of roles before joining the board as Group Director (Investments) in 2002 and becoming Group Chief Executive in 2006. He remained an adviser to L&G, primarily with responsibilities in connection with Solvency II, until 31 December 2012.

Other principal external appointments
Tim served as Chairman of the Association of British Insurers (ABI) between July 2010 and July 2012, having been a director since 2007. He was also chairman of the UK Government's non-bank lending taskforce, an industry-led taskforce that looked at the structural and behavioural barriers to the development of alternative debt markets in the UK, reporting its conclusions and recommendations in March 2012. Tim was a Director of the Financial Reporting Council from 2004 to 2007. He also served as a Director on the Board of the Investment Management Association between 2004 and 2005. Non-executive Director at the Ministry of Justice since December 2012.

Committee membership
Member of the Board Financial Risk Committee and the Board Remuneration Committee with effect from 1 December 2012; Member of the Board Conduct, Reputation and Operational Risk Committee with effect from 1 February 2013; Member of the Board Audit Committee with effect from 1 March 2013.

5. Fulvio Conti (65)
Non-executive Director

Skills and experience
Fulvio joined the Board in April 2006 as a non-executive Director. Fulvio has significant financial and business experience from a career spanning over 35 years, and is currently CEO and General Manager of Enel SpA, the Italian energy company, where he was previously Chief Financial Officer from 1999 to 2005. During his career, Fulvio held the role of General Manager and CFO of Telecom Italia SpA from 1996-1998 and CFO for various private and government owned entities in Italy, was in charge of finance at Montedison-Compart, and was CFO of Montecatini. He has also held positions in finance and operations in various affiliates of Mobil Oil Corporation in Italy and Europe, where he spent his initial career spanning over 20 years.

Other principal external appointments
Director of ENDESA SA since June 2009; Director of AON PLC since January 2008; Director of the Italian Institute of Technology since October 2011; President of Eurelectric since June 2011; Independent Director of RCS MediaGroup S.p.A. since April 2012 and Vice President of Confindustria since June 2012.

Committee membership
Member of the Board Audit Committee since September 2006.

6. Simon Fraser (53)
Non-executive Director

Skills and experience
Simon joined the Board in March 2009 as a non-executive Director. He has extensive experience of the fund management industry, having started his career at Fidelity International where he spent 27 years. During this time, Simon was President of the Investment Solutions Group and President of the Retirement Institute. He held a number of other positions during his time at Fidelity International, including President, European & UK Institutional Business, Global Chief Investment Officer, Chief Investment Officer for Asia Pacific and Chief Investment Officer of the European Investment Group.

Other principal external appointments
Director of Fidelity European Values PLC since July 2002; Director of Fidelity Japanese Values PLC since May 2000; Chairman of The Merchants Trust PLC since May 2010; Chairman of Foreign & Colonial Investment Trust PLC since May 2010; Non-executive Director of Ashmore Group Plc since February 2012.

Committee membership
Member of the Board Audit Committee since May 2009; Member of the Board Remuneration Committee since May 2009.

7. Reuben Jeffery III (59)
Non-executive Director

Skills and experience
Reuben joined the Board in July 2009 as a non-executive Director. Reuben has been CEO of Rockefeller & Co., Inc. since 2010 and has a broad range of banking and government experience. He previously served in the US government as Under Secretary of State for Economic, Energy and Agricultural Affairs (2007-2009), as Chairman of the Commodity Futures Trading Commission (2005-2007); and as a Special assistant to the President on the staff of the National Security Council (2004-2005). Previous to his government service, Reuben spent eighteen years at Goldman, Sachs & Co. (1983-2001) where he was managing partner of Goldman Sachs in Paris (1997-2001) and led the firm's European Financial Institutions Group in London (1992-1997). Prior to joining Goldman Sachs, Reuben was a corporate attorney with Davis Polk & Wardwell.

Other principal external appointments
Member of the International Advisory Council of the China Securities Regulatory Commission; Member of the Advisory Board of TowerBrook Capital Partners LP; Member of the Board of Directors of the Financial Services Volunteer Corps.

Committee membership
Member of the Board Financial Risk Committee since January 2010.

8. Chris Lucas (52)
Group Finance Director; Executive Director

Skills and experience
Chris was appointed Group Finance Director and became a member of the Executive Committee in April 2007. He is responsible for a number of Group functions including Finance, Investor Relations, Treasury, Tax, Corporate Development and Corporate Secretariat. Chris joined Barclays from PricewaterhouseCoopers LLP, where he was UK Head of Financial Services and Global Head of Banking and Capital Markets. Chris has an extensive finance and accounting background, having spent most of his career working across financial services, including three years in New York as Head of the US Banking Audit Practice for Barclays for the 1999-2004 financial years and subsequently held similar roles for other global financial services organisations. Chris has announced that he has decided to retire from the Company and has agreed to remain in his role until a successor has been appointed and an appropriate handover has been completed. It is expected that this process will take a considerable time to complete.

Other principal external appointments
None held.

9. Sir Andrew Likierman (69)
Non-executive Director

Skills and experience:
Sir Andrew joined the Board in September 2004 as a non-executive Director. He has wide ranging experience within both public and private sectors and academia, and is currently Dean of the London Business School and Chairman of the National Audit Office. Sir Andrew has held a number of high-profile roles, including 10 years spent as Managing Director, Financial Management, Reporting and Audit and Head of the Government Accountancy Service at HM Treasury. Sir Andrew also has a wealth of non-executive experience that includes serving as a non-executive Director of the Bank of England. In his professional capacity, Andrew has held the presidency of the Chartered Institute of Management Accountants, served as a member of the Financial Reporting Council for several years and was a member of the "Cadbury Committee" on UK Corporate Governance. Sir Andrew will retire from the Board at the 2013 AGM, having completed nine year's service on the Board this year.

Other principal external appointments:
Trustee of the Institute for Government since September 2008; Chairman of Applied Intellectual Capital Inc. (2006-2008); Non-executive Director of the Bank of England (2004-2008); Non-executive Director and Vice-Chairman of the Tavistock and Portman NHS Trust (2004-2008).

Committee membership:
Member of the Board Audit Committee since September 2004; Member of the Board Financial Risk Committee since September 2004.

10. Dambisa Moyo (44)
Non-executive Director

Skills and experience:
Dambisa joined the Board in May 2010 as a non-executive Director. She is an international economist and commentator on the global economy, with a background in financial services. Dambisa worked for the World Bank from 1993 to 1995. After completing a PhD in Economics, she worked for Goldman Sachs for eight years until November 2008 in the debt capital markets, hedge funds coverage and global macroeconomics teams.

Other principal external appointments:
Non-executive Director of SABMiller PLC since June 2009; Non-executive Director of Barrick Gold Corporation since April 2011; Non-Executive Director of Lundin Petroleum AB (publ) until May 2012.

Committee membership:
Member of the Board Financial Risk Committee since 2010; Member of the Board Conduct, Reputation and Operational Risk Committee since August 2011.

11. Sir Michael Rake (65)
Deputy Chairman and
Senior Independent Director

Skills and experience:
Sir Michael joined the Board in January 2008 as a non-executive Director, and was appointed Senior Independent Director in October 2011 and Deputy Chairman in July 2012. Sir Michael has significant non-executive experience, both as a chairman and board member of listed companies. With over 30 years spent with KPMG, Sir Michael has substantial financial and commercial experience gained in Continental Europe and the Middle East. He was Senior Partner of the UK firm from 1998-2002 and Chairman of KPMG International from 2002-2007.

Other principal external appointments:
Chairman of BT Group plc since 2007; Chairman of easyjet Plc since January 2010 (Deputy Chairman June 2009-December 2009); Director of the Financial Reporting Council (2007-2011); Director of the McGraw-Hill Companies since 2007; Chairman of the UK Commission for Employment and Skills (2007-2010); Chairman of Business in the Community (2004-2007).

Committee membership:
Chairman of the Board Audit Committee since March 2009 (member since January 2008); Member of the Board Financial Risk Committee since May 2009; Member of Board Corporate Governance and Nominations Committee since May 2009; Member of the Board Enterprise Wide Risk Committee since its formation in January 2013.

12. Sir John Sunderland (67)
Non-executive Director

Skills and experience:
Sir John joined the Board in June 2005 as a non-executive Director. He has extensive business and Board level experience, having spent forty years with Cadbury Schweppes PLC, where he became Chief Executive in 1996 and subsequently Chairman in 2003. Sir John has significant experience as a Director of UK listed companies, and has also held a number of similar positions in trade and professional bodies, including the Confederation of British Industry and the Chartered Management Institute.

Other principal external appointments:
Chairman of Merlin Entertainments Limited since December 2009; Director of the Financial Reporting Council from 2004 to 2011; Adviser to CVC Capital Partners; Association Member of BUPA; Governor of Reading University Council; Chancellor of Aston University; non-executive Director of AFC Energy plc; Deputy President of the Chartered Management Institute until 2009 (President 2007-2008); Deputy President of the CBI until June 2008 (former member and President).

Committee membership:
Member of the Board Remuneration Committee in 2005 (Chairman since July 2012); Member of the Board Corporate Governance and Nominations Committee since 2006, Member of the Board Conduct, Reputation and Operational Risk Committee since August 2011; Member of the Board Enterprise Wide Risk Committee since its formation in January 2013.

13. Diane de Saint Victor (58)
Non-executive Director

Skills and experience:
Diane was appointed as a non-executive Director with effect from 1 March 2013. She is currently General Counsel and Company Secretary and a member of the Group Executive Committee of ABB Limited (ABB), the publicly listed international power and automation technologies company based in Switzerland, where her responsibilities include Head of Legal and Integrity Group. She was formerly Senior Vice President and General Counsel of EADS, the European aerospace and defence company.

Other principal external appointments:
None held

Committee Membership:
Member of the Board Conduct, Reputation and Operational risk Committee with effect from 1 March 2013.

Executive Committee


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1. Antony Jenkins
Group Chief Executive

2. Chris Lucas
Group Finance Director

3. Robert Le Blanc
Chief Risk Officer

4. Mark Harding
Group General Counsel

5. Thomas L. Kalaris
Chief Executive, Wealth and Investment Management and Executive Chairman of Barclays in the Americas

6. Maria Ramos
Chief Executive, Absa Group and Barclays Africa

7. Rich Ricci
Chief Executive of Corporate and Investment Banking

8. Valerie Soranno Keating
CEO, Barclaycard

9. Ashok Vaswani
CEO, Retail and Business Banking

10. Sir Hector Sants
Head of Compliance and Government and Regulatory Relations

People

Throughout the challenges faced by Barclays during 2012 our colleagues have showed tremendous resilience and resolve in the face of external criticism and uncertainty. Colleagues continue to rise to these challenges and embrace ways of working that are aligned to the new values and behaviours. They welcome the Transform Programme and the chance to become the 'Go-To' bank.

We recognise that it is our colleagues who will implement our plans to deliver the 'Go-To' bank. By living our values every day they will make Barclays the bank we want it to be, a place where people want to join and a place where colleagues want to stay and develop their careers.

Successful employment relationships are built on mutual benefit and trust, and a more engaged workforce is always a more productive one. We build trust through regular two-way communications, both informally, and through our Employee Opinion Surveys. These help us understand our colleagues' views and concerns, and enable us to take their views into account as we deliver the 'Go-To' ambition.

The 2012 Employee Opinion Survey was completed by 84% of our colleagues in advance of the announcement of the penalties in respect of LIBOR and EURIBOR rates. For the first time, we asked the same core set of questions across all our divisions, which will allow us to measure our progress going forward. These include whether our people feel proud to work for Barclays, would recommend it as a place to work, and whether they believe in the goals and objectives of the company. Collectively, these questions allow us to understand the degree to which employees are engaged with the company. The overall score for engagement was 73%, which is broadly in-line with the global benchmarks. The continuation of regular and open dialogue between the Group Chief Executive and the Executive Committee and colleagues, in events such as regular global Town Halls, will be important in ensuring colleagues are well informed, understand the bank's objectives and remain engaged and connected with the future of Barclays.

Our 'Partnership' approach to industrial relations where we have maintained regular and constructive dialogue with more than 30 unions, works councils and staff associations across the globe, plays a key role in building and maintaining trust with our colleagues. Where we have had to restructure our business and this has resulted in job losses, we have worked closely with employee representatives to avoid compulsory redundancies where possible, ensuring colleagues leaving Barclays have been supported and treated with respect.

Barclays colleagues remain focused on serving customers and clients as reflected in our 2012 business results. This focus is supported by a distinctive culture underpinned by a common purpose, and clearly articulated set of values and behaviours. We believe that leadership behaviour drives culture, which in turn impacts all aspects of organisational performance. A group of Barclays 'Values Leaders' from all businesses and levels will deliver Barclays Purpose and Values training to all employees. In addition a group-wide, standard and assured induction will be designed and implemented to ensure our colleagues will understand and be engaged in 'who we are' and 'how we work together'.

We will assess business unit and individual performance against our goals through a balanced scorecard for the bank. This will measure not just what we deliver, but also how we do business, our impact as a company, and adherence to our values.

Our People processes, specifically those linked to Performance Management, Reward, Talent (including promotions and mobility), Leadership and Learning are subject to increased focus and, where appropriate, standardisation, as we devise clear strategies for each to support the Transform Programme and strongly reflect the Barclays Values and Behaviours. We will continue to base variable remuneration on individuals' performance ratings and the performance of their business. We will also continue to encourage our people to be involved and to share in our success by regularly inviting them to participate in our 'all employee' share plans. Further details of our approach to remuneration are included in the Remuneration Report on pages 72-103.

We have established a global Diversity and Inclusion strategy to create an environment that ensures we treat people fairly and understand how to let people from all backgrounds feel able to contribute to Barclays.

We have clear objectives to: increase representation and decrease turnover of under-represented populations at senior levels; maintain a positive climate of inclusion and engagement; and increase external recognition as a diverse and inclusive organisation. We have a wide range of initiatives in place to achieve our mission, including training for all employees, workplace and working practice adjustments for persons with disabilities, and identification of high potential women with relevant programmes to support their career development and retention.

We are proud that many of our initiatives have received external recognition around the world. Examples of this external recognition include being ranked second in the UK Business Disability Forum benchmark and our Cultural Diversity Network being awarded Network of the Year by Race for Opportunity. We recognise there is more to be accomplished and will focus on the following priorities for 2013 and beyond:

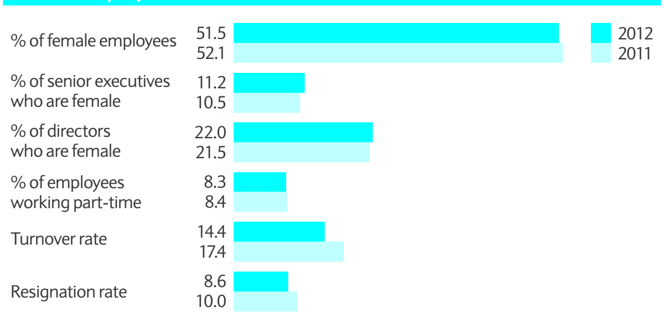
- Full scale deployment of our Unconscious Bias programme to our global Managing Director population;
- Continued momentum towards our 2015 Board-level female representation target of 25%; and
- Identifying opportunities to make lives easier for diverse customers, following the success of initiatives such as Talking ATMs in 2012.

We continue to provide a range of opportunities and tailored training programmes for graduates – recruiting a total of 1,100 graduates during 2012 onto our global graduate programmes. We also continued to play an active role in addressing societal challenges around employability in 2012. For instance, our innovative Apprenticeship Programme, which seeks to contribute to addressing the problem of youth unemployment in the UK, has recently recruited its 500th apprentice. We are committed to recruiting a total of 1,000 apprentices by the middle of 2013. The Big Barclays Apprentice Conversation was an event that provided our apprentices the opportunity to meet and speak with senior leaders, including the Executive Committee and Antony Jenkins. Providing this two-way exchange of ideas and views will help us tailor our programme for future years and provided a valuable insight into the drivers and motivations of an important talent pool and customer base.

FTE by region

	2012	2011	2010
UK	**55,300**	56,100	58,100
Africa & Middle East	**45,200**	47,900	50,400
Continental Europe	**11,100**	11,600	13,600
Americas	**11,100**	10,900	11,500
Asia Pacific	**16,500**	14,600	13,900
Total	**139,200**	141,100	147,500

Global employment statistics %



Statement from the Chairman of the Board Remuneration Committee

Current Remuneration Committee members

Chairman
Sir John Sunderland

Members
Sir David Walker
Simon Fraser
David Booth
Tim Breedon

2012 Remuneration

- While underlying financial performance has significantly improved, we have materially reduced remuneration. Variable remuneration has been reduced overall by 16% and fixed remuneration by 7% year on year.
- Remuneration as a proportion of adjusted profit before tax and adjusted net operating income is down significantly, as are average individual bonus levels. We have made substantial reductions in remuneration, including clawing back £300m of unvested deferred and long term incentive awards and risk adjustments of £860m to our 2012 incentives pool to reflect the LIBOR investigation and other risk issues in 2012. Our deferral rates significantly exceed FSA requirements.
- The Barclays Long Term Incentive Plan has been restricted in 2013 to our most senior employees. The performance condition will include financial and risk measures along with other measures from a balanced scorecard. After vesting a new two year holding period will apply to extend the plan to five years in total. We have also introduced new shareholding requirements for executive Directors and senior executives.
- These actions represent a major repositioning of Barclays remuneration and demonstrate our determination to pay no more than necessary, while remaining competitive.

Priorities for 2013

- We will continue to make sustainable reductions in remuneration levels while retaining the talent needed to execute the Board's strategy.
- Performance assessments and performance related remuneration will reflect both what and how business results are achieved.
- We will maintain a frequent, frank and constructive dialogue with our shareholders and regulators on remuneration matters, as we have in 2012.
- Our new remuneration policy will protect and promote shareholders' interests.

Dear shareholder

As Chairman of the Board Remuneration Committee I am pleased to introduce the Directors' Remuneration Report for 2012.

I hope that 2012 will be seen as a turning point in the way Barclays approaches remuneration. For 2012 and in future we are taking a different approach to the balance between Directors' and employees' remuneration, and returns for shareholders. We have been justifiably criticised for failures to engage effectively with and explain our decisions to shareholders and the wider public, as well as on some occasions being criticised for the decisions themselves.

Reports of this kind tend towards standard disclosures and language. It is true, but arguably not very illuminating, to say that our role as a Committee is to ensure that Barclays is able to motivate, retain and incentivise the people needed to deliver the Board's strategy. We need to go further, and explain that while discharging this role we must also ensure that we pay no more than necessary to achieve Barclays objectives, and that we eliminate undeserved remuneration and that by doing so we protect and promote the interests of our shareholders. We must do all this on the basis of transparent compliance and engagement with our regulators.

On pages 74 and 75 we set out what we know will be some of our shareholders' most pressing questions and concerns. Our answers are set out there and expanded upon in subsequent sections of this report.

Business context in 2012

Despite challenging economic conditions, 2012 saw Group adjusted income increase by 2% and Group adjusted profit before tax increase by 26% on 2011 levels. Adjusted return on average shareholders' equity increased to 7.8% (2011: 6.6%).

Despite this strong financial performance a number of significant risk and compliance issues hit Barclays during the year. The LIBOR investigation and other issues including PPI and interest rate hedging products redress resulted in a loss of confidence in the bank, financial penalties, and the resignations of both Marcus Agius and Bob Diamond among other senior executives.

We have marked these failings by significant risk adjustments to the 2012 incentives pool and to individual remuneration decisions. We made reductions of £860m to the 2012 incentives pool and a further £300m has been clawed back from unvested deferred and long term incentive awards. These decisions show our commitment to link pay to performance and to align remuneration with risk. Performance should be measured not just in financial terms but also in terms of behaviour, sustainability, risk management and long term value creation.

Remuneration Committee work in 2012

A summary of the key subject areas covered at the Committee's 2012 meetings can be found on page 95. We have reviewed and changed our policies. We have carefully considered our total remuneration spend, the structure of remuneration and individual decisions. In addition to incentive awards and funding we have focused on broader remuneration design, frameworks and policy, and regulatory and risk issues.

We have reviewed and adopted a new remuneration policy. This reflects the direction of Barclays more broadly under the Transform Programme led by Antony Jenkins, and the adoption across the whole Group of a new statement of Barclays Purpose and Values.

We have made significant reductions to our remuneration costs both in absolute terms and relative to adjusted net operating income and adjusted profit before tax. These are not one-off changes. They reflect the Committee's view that we are now on a multi-year path to reposition Barclays remuneration.

Accordingly, we have reduced both the incentives pool and average individual incentive awards across the Group. At a Group level 2012 total incentive awards are down 16% on 2011 levels. Within the Investment Bank the reduction is 20%. As a result our compensation ratios (i.e. the proportions of adjusted net operating income and adjusted profit before tax used to pay all remuneration) are now significantly lower, having moved from the market median to the lower quartile within our industry. This is a significant repositioning of our remuneration costs. Our intention is to continue to manage down these ratios over time.

The average bonus across the Group in 2012 (excluding the Investment Bank) has fallen by 8% to £4,800. In the Investment Bank the average bonus in 2012 has fallen by 17% to £54,100. 45% of all Investment Bank employees received no bonus for 2012.

Outside of our formal meetings, we have listened to shareholders' concerns by meeting and engaging with them more frequently. Our discussions have been frank and clear. We have been challenged and assisted by the insight and recommendations this engagement generates. Shareholders' concerns that we have discussed include senior executive remuneration levels, remuneration in the Investment Bank in particular, and risk alignment in remuneration decisions. Among the changes we have made reflecting shareholders' views are changes to the Barclays Long Term Incentive Plan. We have also introduced a new shareholding requirement for executive Directors and senior executives which is at the higher end of the market.

Our remuneration report

We have sought to improve the transparency and clarity of our remuneration disclosures. We have adopted in this report many aspects of HM Government's proposed regulations on directors' remuneration reporting. We have done this a year before these are expected to apply formally to Barclays.

We have made significant structural changes to this year's report. In outline, after the remuneration questions and answers the report has the following sections:

- An explanation of our new remuneration policy for all Barclays employees (pages 76-77);
- A detailed summary of how the 2012 incentives pool was determined, including risk adjustments (pages 78-82);
- An explanation of our forward looking policy for Directors' remuneration (pages 83-87);
- An explanation of how 2012 Director remuneration decisions were implemented (pages 88-93); and
- Details of the Committee's work in 2012 and other remuneration information including statutory disclosures (pages 94-103).

The tables marked 'audited' in the report have been audited by Barclays auditors, PricewaterhouseCoopers LLP.

Focus in 2013

The Committee's focus in the coming months will be to continue the process of repositioning remuneration at Barclays, and regaining shareholder and public understanding and confidence. In future, as part of the Transform Programme, individual performance will be assessed against a balanced scorecard and performance will be measured against Barclays values as well as other measures. The new performance assessment process will be in place for all senior executives during 2013 and for all other employees during 2014. Our new remuneration policy summarises our objectives.

We will continue to challenge assertions about the levels of pay required to attract, retain and motivate our people. We will not sanction paying more than is necessary, and will take appropriate risk, supported by our shareholders, in exerting further downward pressure on remuneration. We committed last year to a journey to bring down our compensation ratios and have made good progress this year, with the Group compensation to adjusted net operating income ratio declining to 38% (2011: 42%). We believe a ratio in the mid-30s is a sustainable position in the medium term which will ensure that we can continue to pay our people competitively for performance while also enabling us to deliver a greater share of the income we generate to shareholders. We will be informed in this work by a continuing constructive engagement and dialogue with our shareholders and our other stakeholders.

I believe 2012 saw us move significantly forward in achieving the right balance between the priorities of our various stakeholders. Reduced remuneration costs, increasingly robust risk-adjustments to both the incentives pool and individual incentive awards, tougher performance conditions, new shareholding requirements, and improved remuneration disclosures create a best practice framework which we will continue to develop in the coming year and beyond.

On behalf of the Board

Sir John Sunderland
Chairman, Board Remuneration Committee
5 March 2013

Remuneration questions and answers

Q How can you justify a bonus pool of £1.85bn when the bank's return on equity is not at an acceptable level?

A Adjusted return on average shareholders' equity has increased from 6.6% in 2011 to 7.8% in 2012, with improvements in the majority of our businesses. However, we recognise there is still much work to be done to ensure that the return on equity exceeds the cost of equity on a sustainable basis.

Against this background the Committee's view is that the reductions that have been made to both our incentives pool and broader remuneration costs are significant and appropriate. 2012 Group total incentive awards are down by 16% and the Group bonus pool is down by 14% in absolute terms year on year. Compensation costs are down from 42% to 38% as a proportion of adjusted net operating income. These reductions are against the background of significantly increased profitability.

Although the market for talented staff in banking and financial services is still a highly competitive one we have substantially lowered Barclays compensation ratios, both absolutely and relative to our peer group. To have made larger reductions at this stage would, in the Committee's view, have taken undue retention risk.

We have made progress over the last two years. The 2012 Group total incentive awards of £2.168bn is £1.3bn (38%) down on the 2010 levels. Group adjusted profit before tax is up 23% over the same period.

Q How was profit distributed between shareholders and employee remuneration in 2012?

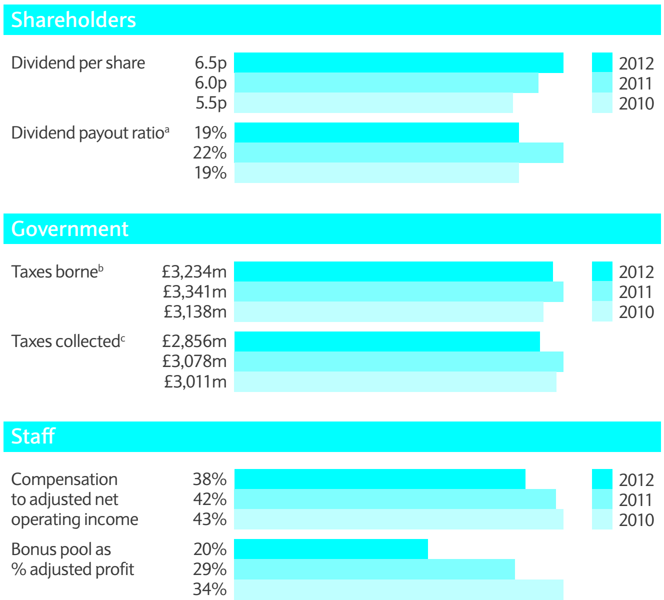
A The chart opposite details how the earnings generated by our businesses are distributed to key stakeholders, including shareholders (in the form of dividends) and to employees. The dividend per share has increased year on year from 2010 to 2012. The compensation to adjusted net operating income ratio and bonus pool as a percentage of adjusted profit ratio have both decreased over the same period. The Committee's approval of the 2012 Group total incentive awards took into account the Group's solid financial performance but also reflected our broader intention to reduce compensation costs on both an absolute and proportional basis. We see these adjustments as part of a multi-year process following actions we took in 2011, when total incentive awards were reduced 26% on a year on year basis across Barclays and 35% in the Investment Bank.

Q Why do you need to pay bonuses at all?

A Barclays has to pay competitively to ensure it has people with the skills and experience needed to deliver Barclays strategy. In some parts of the banking sector, particularly investment banking, variable remuneration in the form of bonuses forms a high proportion of an employee's total remuneration. This has given Barclays the ability to reduce total remuneration significantly in underperforming areas and manage and control the cost base. However, it also means that in business areas that perform to a satisfactory or good standard, some element of variable remuneration is required to make employees' total remuneration competitive. It might be possible to deliver competitive remuneration through higher rates of fixed remuneration, but this would limit the bank's ability to reduce costs in underperforming areas and to respond to stress scenarios through effective management of remuneration.

Distribution of earnings

We believe that the best way to support our stakeholders is by operating a strong, profitable and growing business, which creates jobs and contributes to the economic success of the communities in which we live and work. The charts below detail how the earnings generated by our businesses are distributed to a number of key stakeholders.



Notes
a Calculated as dividend per share divided by adjusted EPS.
b Taxes borne are the Company's own tax contribution, representing taxes paid by the Company in the year.
c Taxes collected are those collected from employees and customers on behalf of governments.

Q How can shareholders be confident that they will get an adequate share of the value created at Barclays in future?

A The Committee believes that the progress made during 2012 to adjust the balance between employees and shareholders is evidence of our commitment to protecting and promoting our shareholders' interests.

The reduction in our compensation ratios from the market median in 2011 to the lower quartile in 2012 is progress but not our destination. Our intention is to drive the compensation to adjusted net operating income ratio at Barclays down to a percentage level in the mid-30s over time. We see that as a sustainable position in the medium term which will enable us to continue to pay our people competitively for performance as well as ensuring that our shareholders receive a greater share of the income that we generate.

Q How were the LIBOR regulatory fines, PPI and interest rate hedging products redress taken into account?

A The Committee has reduced the 2012 incentives pool and unvested deferred and long term incentive awards by more than £1.1bn in total. This includes reductions of £860m to the 2012 incentives pool and approximately £300m (the majority of which relates to the LIBOR investigation) to unvested deferred and long term incentive awards. These are in addition to reductions made as part of the wider repositioning of Barclays remuneration during 2012. Specific incentives pool reductions in relation to particular risk issues are shown on page 80.

Q What were the executive Directors paid in 2012?

A In total 2012 executive Director remuneration was less than half of 2011 executive Director remuneration. Both Antony Jenkins and Chris Lucas decided that they did not wish to be considered for a bonus for 2012. 2012 total remuneration for Antony Jenkins is £2.596m. Chris Lucas' 2012 total remuneration is £2.101m, which is a significant reduction on his 2011 total remuneration of £4.161m.

We have made detailed disclosure of Antony Jenkins' full year remuneration in 2012. This level of disclosure goes beyond the current statutory disclosure requirements.

Q How were bonuses determined for the executive Directors and for other employees?

A The Committee decides executive Director bonuses, as it also does for members of the Group and business Executive Committees, and for other senior employees.

Executive Director bonuses are determined by reference to Group and individual performance in the year. Achievement of their objectives is assessed against both quantitative and qualitative measures, both financial and non-financial.

In June 2012 Chris Lucas agreed voluntarily to forgo any consideration for a bonus for 2012 in the context of the LIBOR investigation. In February 2013 Antony Jenkins announced that he did not wish to be considered for a bonus for 2012 citing his wish to take an appropriate degree of accountability for multiple issues besetting the bank during 2012.

Similar to the process for executive Directors, the process of determining bonuses for employees is also linked to performance at Group, business and individual level. Line managers assess performance against individual performance development plan objectives and against Group-wide principles.

Looking forward to 2013, the process of determining bonuses will be explicitly linked to both quantitative ('what' has been achieved) and qualitative assessment ('how' those results have been achieved) under the new Barclays remuneration policy.

Q How can we be sure that remuneration will not encourage inappropriate behaviour in the future?

A Employees are clear that results achieved without a robust risk management focus will not be rewarded. The Transform Programme and the embedding of the new statement of Barclays Purpose and Values ensure that employees know that high performance is expected to be sustained and sustainable, and that their contributions should create and support long term shareholder value creation rather than short term results. Measurement of 'what' people achieve is to be complemented by an assessment of 'how' they have achieved it.

A clear focus on aligning risk exposure with remuneration decisions is embedded in our remuneration policy. The Committee has demonstrated its readiness to make reductions to both incentive pools and unvested deferred and long term incentive awards where misconduct is established. There has been extensive engagement with the FSA and the US Federal Reserve in this area during 2012.

Where necessary we will change our incentive arrangements. An example of the Group's determination to manage remuneration-related risks effectively is the bank's announcement in October 2012 of the removal of sales-related measurement from incentive arrangements for frontline employees in UK Retail and Business Banking. These incentives are now based only on the quality of service the employees provide to customers.

Remuneration policy for all employees

Barclays approach to remuneration

This section sets out Barclays remuneration policy for all employees, explaining the purpose and principles underlying the structure of remuneration packages, and how the policy links remuneration to the achievement of sustained high performance and long term value creation.

Remuneration policy

The Committee reviews and updates the Barclays remuneration policy periodically. For 2013, as part of the Transform Programme, the policy has been significantly updated. The principles set out in the policy underpin both 2012 remuneration decisions and the Committee's objectives for 2013 and beyond.

The new remuneration policy is set out in the table below.

Barclays remuneration decisions:
1. Support the goal of becoming the 'Go-To' bank by attracting, retaining and competitively rewarding colleagues with the ability, experience, skill, values and behaviours to deliver that goal.
2. Will only reward business results when these are achieved in a manner consistent with Barclays values and behaviours:
▪ **Respect:** We respect and value those we work with, and the contribution that they make. ▪ **Integrity:** We act fairly, ethically and openly in all we do. ▪ **Service:** We put our clients and customers at the centre of what we do. ▪ **Excellence:** We use our energy, skills and resources to deliver the best, sustainable results. ▪ **Stewardship:** We are passionate about leaving things better than we found them.
3. Protect and promote shareholder interests by incentivising colleagues to deliver sustained performance and create long term value through the delivery of Barclays goal. Those decisions will reflect that performance for individuals and in aggregate. Barclays will pay competitively for high performance but will not pay more than the amount appropriate to maximise the long term value of the bank for its shareholders.
4. Create a direct and recognisable alignment between remuneration and risk exposure, as well as adjusting current and deferred incentives for current and historic risk, including malus adjustments, as appropriate.
5. Should be as simple and clear for colleagues and stakeholders as possible – as is the process used to determine them.
6. Ensure that balance between shareholder returns and remuneration is appropriate, clear and supports long term shareholder interests.

Remuneration and performance

Adherence to the principles of the new remuneration policy means that remuneration decisions for all employees across the whole of Barclays are aligned with and support the achievement of Barclays goal of becoming the 'Go-To' bank.

This is achieved by linking remuneration to performance, assessing both 'what' is achieved and also 'how' goals are achieved. So we will measure and reward our people, not just on commercial success but on how they live Barclays values and behaviours in their daily work.

We will embed Barclays values in the way remuneration is managed by incorporating our balanced scorecard of both financial and non-financial measures into the performance appraisal process. Our balanced scorecard is a key part of the cultural change that is required to deliver the strategy of the Transform Programme. It measures Barclays performance across the following dimensions – Customers and Clients, Colleagues, Citizenship, Conduct and Company.

Linking our employee performance assessments and remuneration decisions to the balanced scorecard promotes a clear and direct alignment between remuneration policy and Barclays strategy.

We will implement the following changes and improvements to the performance assessment process:

- During 2013 all senior executives' performance assessment and objectives will be explicitly linked to the balanced scorecard and to our values. They will therefore see how their own performance, and the assessment of it by their manager (and the Committee), is linked to Barclays strategy;
- Similar linkage of performance assessment and variable remuneration decisions for all employees will follow during 2013 and 2014;
- Personal objectives will be closely aligned with scorecards for the individual business or function in which employees work, which will align with and support the Group balanced scorecard;
- In addition to an assessment of 'what' each employee has achieved, appraisals will also include an overall, holistic, review of behaviours which will overlay a specific focus on 'how' the results of the individual's work have been achieved, and whether they have been achieved in a way which is consistent with our values; and
- The balanced scorecard approach will also underpin business and Group-wide decisions, in particular the Committee's determination of incentive pools. It will also be part of the performance condition attached to awards under the 2013-2015 Barclays Long Term Incentive Plan.

This means that all individual incentive decisions will be linked to Group, business (or function) and individual performance.

Remuneration structure

Employees receive salary, pension and benefits and are eligible to be considered for a discretionary bonus. Employees in some customer-facing businesses participate in incentive plans including plans based on customer feedback and other measures of the quality of service they provide to customers. The table on this page provides further details of our employee remuneration structure. The structure is aligned with the remuneration structure for executive Directors set out in more detail in the Directors' remuneration policy section of this report. In 2013, only executive Directors and the most senior executives will participate in the Barclays Long Term Incentive Plan.

Fixed remuneration	
Salary	▪Salaries reflect individuals' skills and experience and are reviewed annually in the context of annual performance assessment. They are increased where justified by role change, increased responsibility or where justified by the latest available market data. Salaries may also be increased in line with local statutory requirements and in line with union and works council commitments.
Pension and benefits	▪The provision of a market competitive package of benefits is important to attracting and retaining the talented staff Barclays needs to deliver Barclays strategy. A new defined contribution pension scheme, the Barclays Pension Savings Plan, and a flexible benefits scheme, 'My Rewards', was launched in the UK in September 2012. This enables employees to choose from a range of benefits including the level of their pension contribution, life assurance and private health benefits, annual leave (with the ability to 'buy' and 'sell' subject to certain parameters), and participation in Barclays 'all employee' share plans (HMRC approved for UK participants). The cost of providing the benefits is defined and controlled. My Rewards will be rolled out globally to all employees over the next few years.
Variable remuneration	
Annual bonus	▪Annual bonuses incentivise the achievement of Group, business and individual objectives. ▪The ability to recognise performance through variable remuneration enables the Group to control flexibly its cost base and to react to events and market circumstances. Bonuses remain a key feature of remuneration practice in the highly competitive and mobile market for talent within the financial services sector. The Committee is careful to control the proportion of variable to fixed remuneration paid to individuals. ▪Bonus deferral requirements are significantly in excess of FSA requirements. ▪For FSA Remuneration Code Staff (Code Staff) the deferral rate is a minimum of 40% (for bonuses of no more than £500,000) or 60% (for bonuses of more than £500,000). ▪For non Code Staff, bonuses over £65,000 are subject to a graduated level of deferral. ▪2012 bonuses awarded to Managing Directors in the Investment Bank are 100% deferred. ▪Deferred bonuses are split equally between deferred cash bonuses under the Cash Value Plan (CVP) and deferred share bonuses under the Share Value Plan (SVP), each vesting in equal annual tranches over three years subject to continued service and malus. For Code Staff an additional six month holding period will be applied to 2012 share bonuses when they vest. ▪Deferred bonuses are subject to malus conditions which enable the Committee to reduce the vesting level of deferred bonuses (including to nil) in the event of, for example, employee negligence or inappropriate conduct, or a material failure of risk management.

2012 incentives

2012 total incentive awards

This section provides details of how 2012 total incentive award decisions were made.

Business context and 2012 performance highlights

Despite the strong financial performance set out below a number of significant risk and compliance issues hit Barclays during the year. The LIBOR investigation and other events including PPI and interest rate hedging products redress resulted in a loss of confidence in the Group, financial penalties, and the resignations of Marcus Agius, Bob Diamond and other senior executives. We have marked these failings by making significant risk adjustments to the 2012 incentives pool and to unvested deferred and long term incentive awards, and in the individual remuneration decisions for 2012 for senior executives. Against this challenging background, our financial performance for 2012 has nonetheless been strong. 2012 performance includes the following highlights which the Committee took into account in making its remuneration decisions for 2012:

- Adjusted profit before tax was up 26% to £7,048m for the 12 months ended 31 December 2012, with an improvement of 46% in Corporate and Investment Banking, and 52% in Wealth and Investment Management;
- Statutory profit before tax decreased to £246m (2011: £5,879m), including own credit charge of £4,579m (2011: gain of £2,708m), gain on disposal of BlackRock, Inc. investment of £227m (2011: impairment/loss of £1,858m), £1,600m (2011: £1,000m) provision for PPI redress, and £850m (2011: £nil) provision for interest rate hedging products redress;
- The Investment Bank profit before tax increased 37% to £4,063m driven by income growth of 13% and reduced operating expenses;
- Adjusted income was up 2% at £29,043m despite challenging economic conditions, the continuing low interest rate environment and non-recurrence of gains from the disposal of hedging instruments in 2011 of £1,061m;
- Adjusted return on average shareholders' equity increased to 7.8% (2011: 6.6%) with improvements in most of our businesses. Statutory return on average shareholders' equity was negative 1.9% (2011: positive 5.8%);
- Adjusted operating expenses were down 3% to £18,539m as we reduced non-performance costs by 3% to £16,114m and performance costs by 4% to £2,425m. Total incentive awards declined 16% for the Group and 20% for the Investment Bank, reducing the Investment Bank compensation: income ratio to 39% (2011: 47%); and
- Core Tier 1 remained strong at 10.9% (2011: 11.0%). Risk weighted assets reduced 1% to £387bn.

2012 incentive awards - headlines

- Total Group incentive awards have been reduced by 16% since 2011, with Group adjusted profit before tax increasing 26%;
- Incentive awards at the Investment Bank have been reduced by 20% since 2011, with adjusted profit before tax increasing 37%;
- Group incentives have reduced by £1.3bn (38%) since 2010 with adjusted profit before tax up 23% since 2010. In the Investment Bank incentives have reduced by a similar amount, £1.3bn (48%), since 2010 with adjusted profit before tax down 7% since 2010;
- Incentive pools have been reduced while adjusted profits have increased since 2011. This is because of actions taken by management to reposition Barclays compensation in the market place and to reflect significant risk events that impacted Barclays in 2012. The significant risk events include the LIBOR investigation and redress for PPI and interest rate hedging products;
- Compensation to adjusted net operating income is down to 38% in 2012 (2011: 42%). Within aggregate compensation there has been strong differentiation on the basis of individual performance to allow us to manage compensation costs but also to pay competitively for high performers;
- Average value of bonus per Group employee down 13% year on year to £13,300; average value of bonus per Investment Bank employee down 17% year on year to £54,100. Average value of bonus per Group employee excluding the Investment Bank down 8% year on year to £4,800; and
- The proportion of the bonus pool that is deferred significantly exceeds the FSA's Remuneration Code requirements and is expected to remain among the highest deferral levels globally.

2012 incentives pool determination process

We recognise the importance that our stakeholders attach to the judgements that we apply in managing remuneration. Reduced remuneration costs, and increasingly robust risk-adjustments and performance conditions will continue to be a focus in how we achieve the right balance between the priorities of our various stakeholders.

Remuneration must be managed in a way which incentivises employees, ensures pay is linked to performance and is appropriately aligned to risk. Material progress has been made in reducing absolute levels of remuneration. Variable remuneration has been reduced by 16% year on year.

Barclays total incentive awards granted - current year and deferred (audited)

	Barclays Group			Investment Bank		
	Year ended 31.12.12 £m	Year ended 31.12.11 £m	% Change	Year ended 31.12.12 £m	Year ended 31.12.11 £m	% Change
Current year cash bonus	**852**	832	2	**399**	381	5
Current year share bonus	**15**	66	(77)	**6**	3	100
Total current year bonus	**867**	898	(3)	**405**	384	5
Deferred cash bonus	**489**	618	(21)	**447**	576	(22)
Deferred share bonus	**498**	634	(21)	**446**	576	(23)
Total deferred bonus	**987**	1,252	(21)	**893**	1,152	(22)
Bonus pool	**1,854**	2,150	(14)	**1,298**	1,536	(15)
Other incentives	**314**	428	(27)	**96**	201	(52)
Total incentive awards granted	**2,168**	2,578	(16)	**1,394**	1,737	(20)
Adjusted profit before tax	**7,048**	5,590	26	**4,063**	2,965	37
Bonus pool as % of adjusted profit before tax (pre bonus)[a]	**20%**	29%		**23%**	35%	
Proportion of bonus that is deferred	**53%**	58%		**69%**	75%	
Total employees (full time equivalent)	**139,200**	141,100	(1)	**24,000**	23,600	2
Bonus per employee	**£13,300**	£15,237	(13)	**£54,100**	£65,085	(17)

Deferred bonuses are payable only once an employee meets certain conditions, including a specified period of service. This creates a timing difference between the communication of the bonus pool and the charges that appear in the income statement which are reconciled in the table on page 81.

a Calculated as bonus awards divided by adjusted profit before tax excluding the income statement charge for bonus awards.

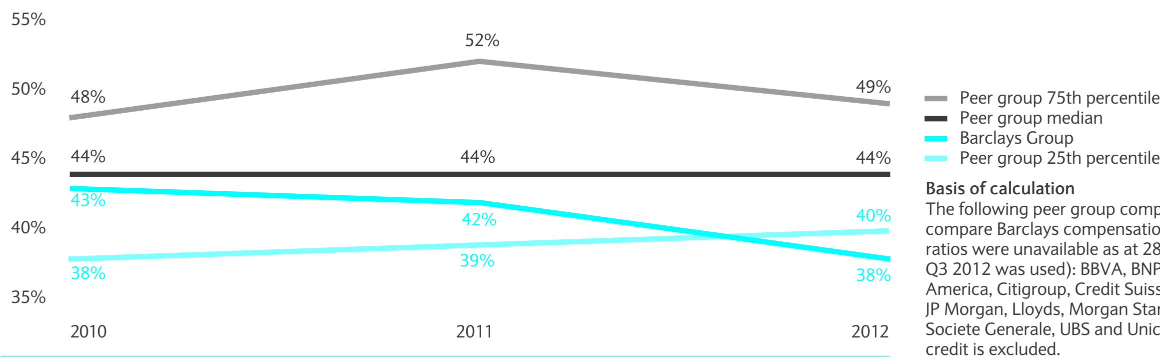
Compensation ratio trends and benchmark against peers

The reduction in compensation in 2012 moves Barclays from being at the median pay-performance level compared to competitors over the last two years to below the lower quartile level. This is a major shift which the Committee recognised would require strong management to achieve in a single year. Although it exposes the Group to some retention risk, the Committee determined that it was a necessary step on the multi-year journey to reposition Barclays remuneration. Major shareholders and their representative bodies were consulted as part of the process for deciding to take this change of approach.

Antony Jenkins said in the 2012 Results Announcement on 12 February 2013:

"We committed last year to a journey to bring down our compensation ratio and have made good progress this year, with the Group compensation to net income ratio declining to 38% (2011: 42%). While this is progress, not the destination, we believe a ratio in the mid-30s is a sustainable position in the medium term which will ensure that we can continue to pay our people competitively for performance while also enabling us to deliver a greater share of the income we generate to shareholders."

Barclays Group compensation as a percentage of adjusted net operating income



Basis of calculation
The following peer group companies were used to compare Barclays compensation ratio (where FY 2012 ratios were unavailable as at 28 February 2013, data for Q3 2012 was used): BBVA, BNP Paribas, Bank of America, Citigroup, Credit Suisse, Deutsche Bank, HSBC, JP Morgan, Lloyds, Morgan Stanley, RBS, Santander, Societe Generale, UBS and Unicredit. The impact of own credit is excluded.

Incentive pool proposals from each of the businesses were subjected to detailed scrutiny and challenge through a sequence of the Committee's meetings before and after the year end. The final incentives pool reflects the actions taken by the Group Chief Executive and the Committee towards achieving the long term objective of sustainably reducing compensation levels over time. It also reflects appropriate risk adjustments made in respect of significant risk and compliance issues that have impacted Barclays in 2012 and the need to retain talent within Barclays to execute the new business strategy.

The table below summarises the three steps taken by the Committee in finalising the 2012 incentives pool.

Step 1	**Adjustment for performance** – The Committee considered the overall performance of Barclays and individual businesses. The Committee also looked at any significant events and one off transactions that have had a material impact on the financial results. The approach of the Committee is to use statutory profits as a starting point and then consider the impact of each adjustment. The Committee does not regard own credit as reflective of performance and accordingly excludes these amounts from its consideration. The Committee manages compensation based on a range of compensation ratios and is supported by advice from the Group Finance Director and Chief Risk Officer. Holding the compensation ratios broadly flat to 2011 would have suggested an increase of £700m to the incentives pool.
Step 2	**Adjustments to reflect risk events in 2012** – The Committee made adjustments to the 2012 incentives pool totalling £860m. In addition, adjustments were made to unvested deferred and long term incentive awards. Further details on the risk adjustments made in 2012 are provided below and on the next page.
Step 3	**Additional adjustment to reposition Barclays in the market** – The Committee's objective is to reposition Barclays remuneration in the market and achieve a sustainable compensation ratio over time. The Committee has made a further adjustment of £250m to make progress in achieving its objective, and the resulting 2012 incentives pool represents the starting point in 2013, i.e. the adjustments for risk events in 2012 and the market repositioning will not be added back in 2013.

Determination of the 2012 total incentives pool

			£m
	2011 total incentives pool		**2,578**
	2011 compensation to adjusted net operating income ratio of 42%		
Step 1	Adjustment for performance		700
Step 2	Adjustments to reflect risk events in 2012		(860)
	Risk adjustments:		
	LIBOR:	290	
	Redress of PPI and interest rate hedging products and other risk adjustments:	570	
Step 3	Additional adjustment to reposition Barclays in the market		(250)
	To reflect Barclays intention to reposition itself in the market		
	The compensation to adjusted net operating income ratio reduced from 42% in 2011 to 38% in 2012		
	2012 total incentives pool		**2,168**

In addition to the reduction in variable remuneration described above, fixed remuneration reduced by 7% year on year. This was driven by a reduction in salary costs reflecting a moderately declining headcount and reductions in the cost of post retirement benefits primarily reflecting scheme closures and benefit changes in the US and Spain, and lower interest cost for the UK Retirement Fund.

The total risk adjustments made by the Committee are as follows:

Risk adjustments in 2012 – £1,160m

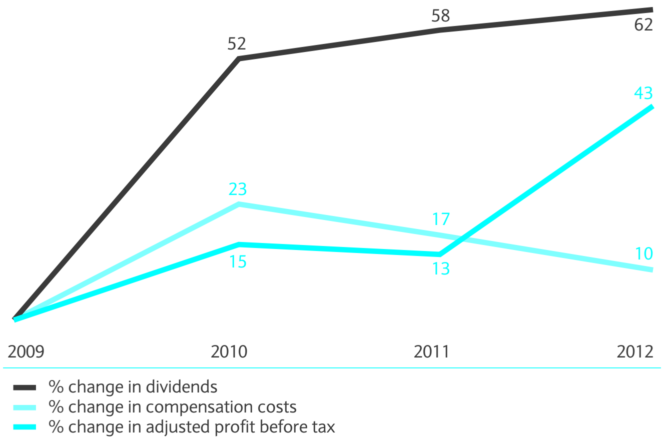
		£m
1. Adjustments to 2012 incentives pool to reflect risk events	These are adjustments made by the Committee to reflect the significant risk events that impact Barclays. For 2012 the Committee made discretionary risk adjustments as shown in the table on page 80.	860
2. Adjustments to existing deferred and long term remuneration	In certain circumstances the Committee may decide it is appropriate to exercise its power to reduce the value of unvested deferred and long term incentive awards (including to nil). In 2012 the Committee clawed back approximately £300m of unvested deferred and long term awards, the majority of which related to the LIBOR investigation. Combined with the adjustment to the 2012 incentives pool, the reductions for the LIBOR investigation exceeded the amount of the regulatory fines of £290m.	300

The risk adjustments outlined above are additional to the reduction in variable remuneration that naturally arises from the reduced profits as a result of the financial impact of the risk events.

Cumulative percentage change in profit, dividends and compensation costs

The chart opposite shows the cumulative percentage change in adjusted profit before tax, dividends and compensation costs over the period since 2009. Compared to 2009 levels, dividends are 62% higher, adjusted profit before tax is 43% higher and compensation costs are 10% higher.

Cumulative percentage change in profit, dividends and compensation costs



Reconciliation of total incentive awards granted to income statement charge (audited)

	Barclays Group			Investment Bank		
	Year ended 31.12.12 £m	Year ended 31.12.11 £m	% Change	Year ended 31.12.12 £m	Year ended 31.12.11 £m	% Change
Total incentive awards for 2012	**2,168**	2,578	(16)	**1,394**	1,737	(20)
Less: deferred bonuses awarded for 2012	**(987)**	(1,252)	(21)	**(893)**	(1,152)	(22)
Add: current year charges for deferred bonuses from previous years	**1,223**	995	23	**1,117**	907	23
Other[a]	**21**	206	(90)	**75**	248	(70)
Income statement charge for performance costs	**2,425**	2,527	(4)	**1,693**	1,740	(3)

a Difference between incentive awards granted and the income statement charge for commissions, commitments and other incentives

- Employees only become eligible to receive payment from a deferred bonus once all of the relevant conditions have been fulfilled, including the provision of services to the Group;
- The income statement charge for performance costs reflects the charge for employees' actual services provided to the Group during the relevant calendar year (including where those services fulfil performance conditions attached to previously deferred bonuses). It does not include charges for deferred bonuses where performance conditions have not been met; and
- As a consequence, while the 2012 incentive awards granted were down 16% compared to 2011, the income statement charge for performance costs was down 4%.

Income statement charge (audited)

	Year ended 31.12.12 £m	Year ended 31.12.11 £m	% Change
Performance costs	2,425	2,527	(4)
Salaries	5,981	6,277	(5)
Non-performance employee share plans	105	167	(37)
Social security costs	685	716	(4)
Post retirement benefits	590	727	(19)
Total compensation costs	**9,786**	10,414	(6)
Bank payroll tax	34	76	(55)
Other[a]	627	917	(32)
Non compensation costs	**661**	993	(33)
Total Staff costs	**10,447**	11,407	(8)
Compensation to adjusted net operating income	**38%**	42%	

a Includes staff training, redundancy and retirement.

- Total staff costs reduced 8% to £10,447m, principally reflecting a 5% reduction in salaries, a 19% reduction in post retirement benefits and reductions in performance costs;
- Salaries reduced by 5% to £5,981m, reflecting a moderately declining average headcount;
- The post retirement benefits charge decreased 19% to £590m, primarily reflecting scheme closures and benefit changes in the US and Spain, and lower interest cost for the UK Retirement Fund;
- Performance costs reduced 4% to £2,425m, reflecting a 22% reduction in charges for current year cash and share bonuses and other incentives of £1,202m, partially offset by a 23% increase in the charge for deferred bonuses from prior years to £1,223m;
- The compensation to adjusted net operating income ratio fell to 38% (2011: 42%), including charges for bonuses deferred from prior years; and
- Deferred bonuses awarded are expected to be charged to the income statement in the years outlined in the table below.

Year in which income statement charge is expected to be taken for Deferred Bonuses awarded to date[a]

	Actual		Expected[b]	
	Year ended 31.12.11 £m	Year ended 31.12.12 £m	Year ended 31.12.13 £m	2014 and beyond £m
Barclays Group				
Deferred bonuses from 2009 and earlier bonus pools	405	153	18	–
Deferred bonuses from 2010 bonus pool	590	404	147	21
Deferred bonuses from 2011 bonus pool	–	666	386	183
Deferred bonuses from 2012 bonus pool	–	–	512	431
Income statement charge for deferred bonuses	**995**	**1,223**	**1,063**	**635**
Investment Bank				
Deferred bonuses from 2009 and earlier bonus pools	365	143	17	–
Deferred bonuses from 2010 bonus pool	542	374	134	19
Deferred bonuses from 2011 bonus pool	–	600	347	164
Deferred bonuses from 2012 bonus pool	–	–	463	384
Income statement charge for deferred bonuses	**907**	**1,117**	**961**	**567**

Bonus Pool Component	Expected Grant Date	Expected Payment Date(s)[c]	Year(s) in which Income Statement Charge Arises[d]
Current year cash bonus	• February 2013	• February 2013	• 2012
Current year share bonus	• February/March 2013	• February 2013 to September 2013	• 2012
Deferred cash bonus	• March 2013	• March 2014 (33.3%) • March 2015 (33.3%) • March 2016 (33.3%)	• 2013 (48%) • 2014 (35%) • 2015 (15%) • 2016 (2%)
Deferred share bonus	• March 2013	• March 2014 (33.3%) • March 2015 (33.3%) • March 2016 (33.3%)	• 2013 (48%) • 2014 (35%) • 2015 (15%) • 2016 (2%)

a The actual amount charged depends upon whether performance conditions have been met and will vary compared with the above expectation.
b Does not include the impact of future grants which may be made in 2013 and 2014.
c Payments are subject to all performance conditions being met prior to the expected payment date. In addition, employees receiving a deferred cash bonus may be awarded a service credit of 10% of the initial value of the award at the time that the final instalment is made, subject to continued employment.
d The income statement charge is based on the period over which performance conditions are met.

Directors' remuneration policy

2013 Remuneration policy for executive Directors

This section describes Barclays forward-looking remuneration policy for executive Directors, explaining how each element of executive Directors' remuneration packages operates. Total remuneration packages for executive Directors comprise salary, pension, benefits, annual bonus and long term incentive plan awards.

Salary + Pension + Benefits + Annual Bonus + Long Term Incentive Plan Award = Total Remuneration

Fixed Remuneration: Salary, Pension, Benefits

Variable Remuneration: Annual Bonus, Long Term Incentive Plan Award

2013 remuneration policy for executive Directors

Purpose	Operation	Value and applicable performance measures
Salary Rewards skills and experience and provides the basis for a competitive remuneration package	Salaries are determined with reference to market practice and market data (on which the Committee receives independent advice), and reflect individual experience and role. Executive Directors' salaries are benchmarked against comparable roles in other banks and FTSE 30 companies. Salaries are reviewed annually and increases are made only exceptionally to reflect market movements and change in job responsibilities. The Committee notes and manages the potential for salary increases to have a 'ratchet effect' on total remuneration because of the linkage between salary and other elements of the remuneration package such as cash in lieu of pension, bonus and long term incentive awards.	Reviewed annually but increased only exceptionally.
Pension Enables executive Directors to build long term retirement savings	Current executive Directors receive an annual cash allowance in lieu of participation in a pension arrangement. This is a common arrangement in executive remuneration, reflecting recent and continuing changes in the UK taxation of pension contributions. The rates of these allowances (as a percentage of salary) for executive Directors exceed pension contribution rates for the broader employee population. This reflects market practice for senior executives. The rate of cash allowance in lieu of pension for any new executive Director is appropriately benchmarked at the time of appointment.	Group Chief Executive – currently 33% of salary. Group Finance Director – currently 25% of salary. Reviewed annually but increased only exceptionally.
Benefits Protects against risks and provides other benefits	Executive Directors' benefits provision includes private medical cover, life and ill-health income protection, tax advice, the use of a company vehicle or the cash equivalent, and use of a company vehicle and driver when required for business purposes.	The value of benefits in 2012 was £81,000 for the current Group Chief Executive (including benefits received in his previous role as CEO of Retail and Business Banking) and £34,000 for the Group Finance Director.

2013 remuneration policy for executive Directors continued

Purpose	Operation	Value and applicable performance metrics
Annual bonus Rewards delivery of the near term business targets set each year, the individual performance of the executive Directors in achieving those targets, and contribution to delivering Barclays strategic objectives Deferred bonuses encourage long term focus and retention and the malus conditions that apply to them discourage excessive risk-taking and inappropriate behaviours and encourage a long term view. Deferred share bonuses encourage long term shareholding and align executive Directors' interests with those of shareholders	**Determination of annual bonus** Individual bonus decisions are based on executive Directors' performance in the year, measured against Group and personal objectives. Performance measures are both quantitative and qualitative, and both financial and non-financial. Bonus awards are made by the Committee following discussion of recommendations made by the Chairman (for the Group Chief Executive's bonus) and by the Group Chief Executive (for the Group Finance Director's bonus). **Operation of risk adjustment and malus** Bonuses awarded reflect reductions made to incentive pools in relation to risk events. Individual bonus decisions may also reflect reductions in relation to specific risk and compliance events. Once awarded, deferred bonuses are subject to malus conditions which enable the Committee to reduce the vesting level of deferred bonuses (including to nil) in the event of, for example, employee negligence or inappropriate conduct, or a material failure of risk management. **Delivery mechanism** Bonuses paid to executive Directors are generally delivered in a combination of cash and shares which may be either immediate or deferred. Deferred share bonuses are delivered in the form of awards under the Share Value Plan (SVP). **Deferral structure** Executive Directors are Code Staff and their bonuses are therefore subject to deferral of at least the level applicable to all Code Staff, currently 40% (for bonuses of no more than £500,000) or 60% (for bonuses of more than £500,000). The Committee may choose to defer a greater proportion of any bonus awarded to an executive Director than the minimum required by the FSA's Remuneration Code. **Timing of receipt** Non-deferred cash components of any bonus are received following the performance year to which they relate, typically in February. Non-deferred share bonuses are subject to a six month holding period. Deferred share bonuses are awarded under the SVP. They vest over a three year period in thirds each year, subject to continued service and the malus conditions. Once SVP awards made from 2013 have vested, the shares are (after payment of tax) subject to an additional six month holding period.	The value of any annual bonus is limited to a percentage of salary. The current maximum percentage is 250% for both the Group Chief Executive and for the Group Finance Director. The performance objectives by which executive Director bonuses for 2013 will be assessed include Group and individual measures, both financial and non-financial. At the Group level, performance of each of the executive Directors will include measurement against progress in delivering the Transform commitments. This includes the 2015 financial targets including return on equity, cost to income ratio, core capital ratio and dividend payout ratio. Further details of each executive Director's 2013 objectives are provided on pages 89 and 91.
Long Term Incentive Plan ('LTIP') award Rewards execution of Barclays strategy and growth in shareholder value over a multi-year period Long term performance measurement, holding periods and the malus conditions discourage excessive risk-taking and inappropriate behaviours, encourage a long term view and align executive Directors' interests with those of shareholders	**Determination of LTIP award** LTIP awards are made by the Committee following discussion of recommendations made by the Chairman (for the Group Chief Executive's LTIP award) and by the Group Chief Executive (for the Group Finance Director's LTIP award). **Operation of risk adjustment and malus** The achievement of performance conditions is the primary indicator of whether and to what extent LTIP awards will vest. Awards are also subject to malus conditions similar to those applicable to deferred bonuses. The malus conditions enable the Committee to reduce awards (including to nil). **Delivery mechanism** Barclays LTIP awards vest three years from the date of award. At vesting LTIP awards are satisfied in Barclays shares. **Timing of receipt** For 2013 Barclays LTIP awards, a further holding period of two years has been introduced which applies to the shares on vesting (after payment of tax), making the plan cycle five years in total.	The value of any LTIP award is limited to percentage of salary. The maximum potential payout value of an award is 400% of salary (based on the value of shares and salary at the start of the LTIP performance period). A summary of the performance metrics that apply to the LTIP awards for the 2010-2012, 2011-2013 and 2012-2014 performance periods is provided on page 102. The performance condition for the 2013-2015 LTIP is based on financial performance (RoRWA), risk (loan loss rate) and a balanced scorecard.

Executive Director service contracts

Barclays executive Director service contracts entitle the executive Directors to the fixed elements of remuneration and to consideration for variable remuneration each year. The contracts do not have a fixed term but provide for a notice period from Barclays of 12 months. Contracts may be terminated immediately with payments in lieu of notice being paid in phased instalments, subject to contractual mitigation. In the event of termination for gross misconduct neither notice nor payment in lieu of notice is required.

The Committee's approach to payments in the event of termination is to take account of the individual circumstances including the reason for termination, individual performance, contractual obligations and the terms of the deferred incentive plans and long term incentive plans in which the executive Director participates.

Termination provisions	
Antony Jenkins Effective contract date 30 August 2012	**Contract termination provisions** 12 months' notice from the Company (six months from the Director). On notice from the Company 12 months' salary payable and continuation of medical and pension benefits while an employee. No automatic contractual entitlement to bonus on termination, but may be considered. **Deferred bonus and LTIP awards treatment on termination** Antony Jenkins would normally continue to be entitled to receive unvested portions of deferred bonus if he was an eligible leaver under the relevant plan rules. Any release of unvested portions would be made on the scheduled release date. Otherwise, outstanding deferred awards would normally lapse. Any unvested awards under LTIPs would normally be released on the scheduled release date, pro-rated for time and performance, if Antony Jenkins was an eligible leaver under the relevant plan rules. Otherwise, the unvested awards would normally lapse.
Chris Lucas Effective contract date 1 April 2007	**Contract termination provisions** 12 months' notice from the Company (six months from the Director). On notice from the Company 12 months' salary payable, bonus equivalent to the average of the previous three years' bonuses (capped at 100% of current salary) and continuation of medical and pension benefits while an employee. The current Group Finance Director's contractual terms date from 2006. The provisions relating to bonus entitlement in the context of termination are no longer best practice. No future executive Director contract will include such terms. **Deferred bonus and LTIP awards treatment on termination** Chris Lucas would normally continue to be entitled to receive unvested portions of deferred bonus if he was an eligible leaver under the relevant plan rules. Any release of unvested portions would be made on the scheduled release date. Otherwise, outstanding deferred awards would normally lapse. Any unvested awards under LTIPs would normally be released on the scheduled release date, pro-rated for time and performance, if Chris Lucas was an eligible leaver under the relevant plan rules. Otherwise, the unvested awards would normally lapse.

The remuneration packages offered on appointment to any new executive Director are a specific part of the Committee's Terms of Reference. The terms of such packages must be approved by the Committee in consultation with the Chairman and (except for the terms of his own remuneration) the Group Chief Executive. Any award made to compensate for forfeited remuneration from the new executive Director's previous employment may not be more generous than, and must mirror as far as possible, the terms of the forfeited remuneration.

Shareholding requirement

From 2013 the Committee has introduced a new requirement that executive Directors should hold Barclays shares worth, as a minimum, four times salary. The current executive Directors have five years from the introduction of the new requirement to meet it (five years from appointment for a new executive Director) and they have a reasonable period to build up to the requirement again if it is not met because of a share price fall. Shares that count towards the requirement are beneficially owned shares including any vested share awards subject to holding periods (including vested LTIPs). Shares from unvested deferred share bonuses and unvested LTIPs do not count towards the requirement. This requirement replaces the previous guidelines, enhances the alignment of shareholders' and executive Directors' interests in long term value creation, and positions Barclays at the higher end of market practice. Current executive Directors' shareholdings as compared to the new shareholding requirement are summarised in the chart on page 92.

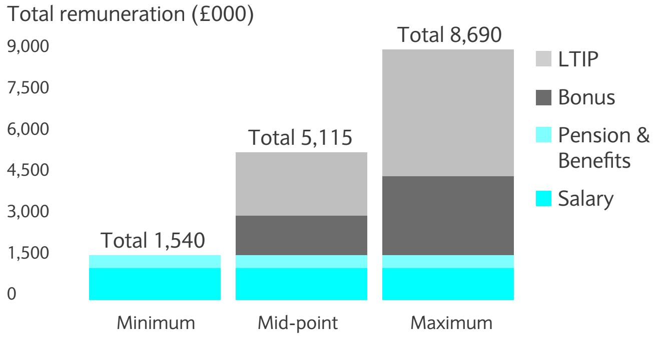
The Committee also decided that from 2013 other members of the Group Executive Committee should be subject to a shareholding requirement in excess of the requirements of the FSA's Remuneration Code. The shareholding requirement for other Group Executive Committee members is that they should hold Barclays shares worth, as a minimum, two times salary. In all other respects the shareholding requirement for other Group Executive Committee members is the same as the requirement for executive Directors.

Illustrative scenarios for executive Directors' remuneration

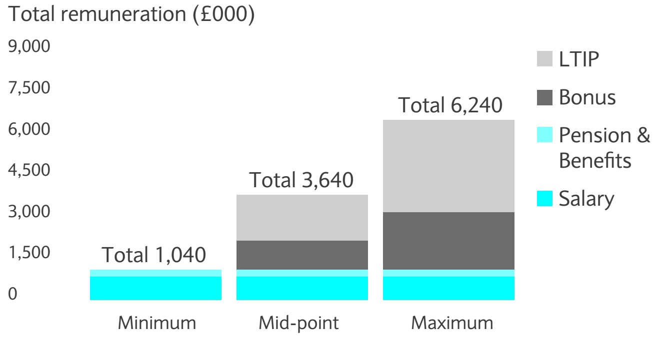
The charts below show the potential value of the current executive Directors' remuneration in three scenarios: 'Minimum' (i.e. fixed remuneration), 'Maximum' (i.e. fixed remuneration and the maximum variable remuneration that may be awarded) and 'Mid-point' (i.e. fixed remuneration and 50% of the maximum variable remuneration that may be awarded). For the purposes of these charts, the value of benefits is based on an estimated annual value. The scenarios do not reflect share price movement between award and vesting.

A significant proportion of the potential remuneration of the executive Directors is variable and is therefore performance-related and at risk. At the 'mid-point' for the Group Chief Executive, 30% of total remuneration is fixed and 70% is variable, moving to 18% fixed and 82% variable at the maximum. At the 'mid-point' for the current Group Finance Director 29% of total remuneration is fixed and 71% is variable, moving to 17% fixed and 83% variable at the maximum.

Group Chief Executive



Group Finance Director



How shareholder views and broader employee pay are taken into account by the Committee in setting policy and making remuneration decisions

The Committee Chairman and senior executives have engaged more extensively and more proactively with shareholders and shareholder representative bodies during 2012 than ever before. The Committee Chairman has met with major shareholders and also with the Association of British Insurers, the National Association of Pension Funds and ISS to discuss remuneration matters. The Chairman, Committee Chairman and the Group Chief Executive also receive frequent comments from private shareholders either in writing or at events such as our Annual General Meeting. We listen to all of these comments and we try to respond to all of them.

The Committee takes account of the remuneration of the broader employee base when it considers the remuneration of the executive Directors. The Committee receives and reviews detailed analysis of remuneration proposals for employees across all of the Group's businesses. This includes analysis by corporate grade and by performance rating and details of proposed bonuses and salary increases across the employee population. When the Committee considers executive Director remuneration it therefore makes that consideration in the context of a detailed understanding of remuneration for the broader employee population.

Our approach to executive Director and wider employee remuneration during 2013 will be characterised by a focus on bearing down on costs and ensuring the principles of our new remuneration policy are applied at all levels.

Comparison of executive Directors' remuneration packages with remuneration packages for the broader employee population

The structure of total remuneration packages for executive Directors and for the broader employee population is similar. Employees receive salary, pension and benefits and are eligible to be considered for a discretionary annual bonus. The broader employee population typically does not have a contractual limit on the quantum of their remuneration.

The Committee approaches any salary increases for executive Directors on an exception-only basis. Incremental annual salary increases remain more common among employees at less senior levels.

As with executive Directors, bonuses for the broader employee population are performance based. Bonuses for executive Directors and the broader employee population are subject to deferral requirements. Executive Directors and other Code Staff are subject to deferral at a minimum rate of 40% (for bonuses of no more than £500,000) or 60% (for bonuses of more than £500,000) but the Committee may chose to operate higher deferral rates. For non-Code Staff, bonuses in excess of £65,000 are subject to a graduated level of deferral and in the Investment Bank, 2012 bonuses for Managing Directors are subject to 100% deferral. Executive Directors' deferred bonuses may include deferred share bonuses awarded under the SVP. 2012 deferred bonuses for the broader employee population will be awarded 50% under the SVP and 50% under the CVP, which vest over three years in equal tranches. The terms of deferred bonus awards for executive Directors and the wider employee population are broadly the same, in particular the vesting of all deferred bonuses is subject to continued service and subject to malus conditions.

The broader employee population is not eligible to participate in the Barclays Long Term Incentive Plan in 2013.

Remuneration for non-executive Directors

This section provides details of the remuneration approach for the Chairman and non-executive Directors.

Remuneration for non-executive Directors

Element and purpose	Operation
Fees Reflect individual responsibilities and membership of Board Committees	Fees are reviewed each year by the Board. Fees were last increased in May 2011. The first £30,000 (Chairman: first £100,000) after tax and national insurance contributions of each non-executive Director's base fee is used to purchase Barclays shares which are retained on the non-executive Director's behalf until they retire from the Board. The Chairman has a minimum time commitment equivalent to 80% of a full-time role.
Benefits For Chairman only	The Chairman is provided with private medical cover subject to the terms of the Barclays scheme rules from time to time, and is provided with the use of a company vehicle and driver when required for business purposes. No other non-executive Director receives any benefits from Barclays. Non-executive Directors are not eligible to receive a bonus. They may not participate in Barclays cash, share or long term incentive plans and are ineligible to join Barclays pension plans.
Notice and termination provisions	Each non-executive Director appointment is for an initial six year term, renewable for a single term of three years thereafter and subject to annual re-election by shareholders. **Notice period:** Chairman: 12 months from the Company (six months from the Chairman). Non-executive Directors: six months. **Termination payment policy** The Chairman's appointment may be terminated by Barclays on 12 months' notice or immediately in which case 12 months' fees and contractual benefits are payable in instalments at the times they would have been received had the appointment continued. There are similar termination provisions for non-executive Directors based on six months' fees. No continuing payments of fees (or benefits) are due if a non-executive Director is not re-elected by shareholders at the Barclays Annual General Meeting.

The table below shows the fees payable to non-executive Directors in respect of Board and Committee chairmanship and membership for the year ended 31 December 2012 and for the year ending 31 December 2013. The current Chairman does not receive any other fees in addition to his Chairman fee.

Fees

	2013 £000	2012 £000
Chairman	**750**	750
Board Member	**80**	80
Additional responsibilities		
Senior Independent Director	**30**	30
Chairman of Board Audit Committee or Board Remuneration Committee	**70**	70
Chairman of Board Financial Risk Committee (Board Risk Committee to 31 January 2013)	**60**	60
Membership of Board Audit Committee or Board Remuneration Committee	**30**	30
Membership of Board Conduct, Reputation and Operational Risk Committee (Board Citizenship Committee to 1 February 2013)	**25**	15
Membership of Board Financial Risk Committee (Board Risk Committee to 31 January 2013)	**25**	25
Membership of Board Corporate Governance and Nominations Committee	**15**	15

Implementation of Directors' remuneration in 2012

2012 remuneration outcomes for executive Directors

This section explains how the Group remuneration policy for executive Directors has been implemented during 2012.

Group Chief Executive remuneration – Antony Jenkins

	Salary £000	+	Pension £000	+	Benefits £000	+	Annual Bonus £000	+	Long Term Incentive Plan Award £000	=	Total Remuneration £000
2012	833		215		81		0		1,467		2,596

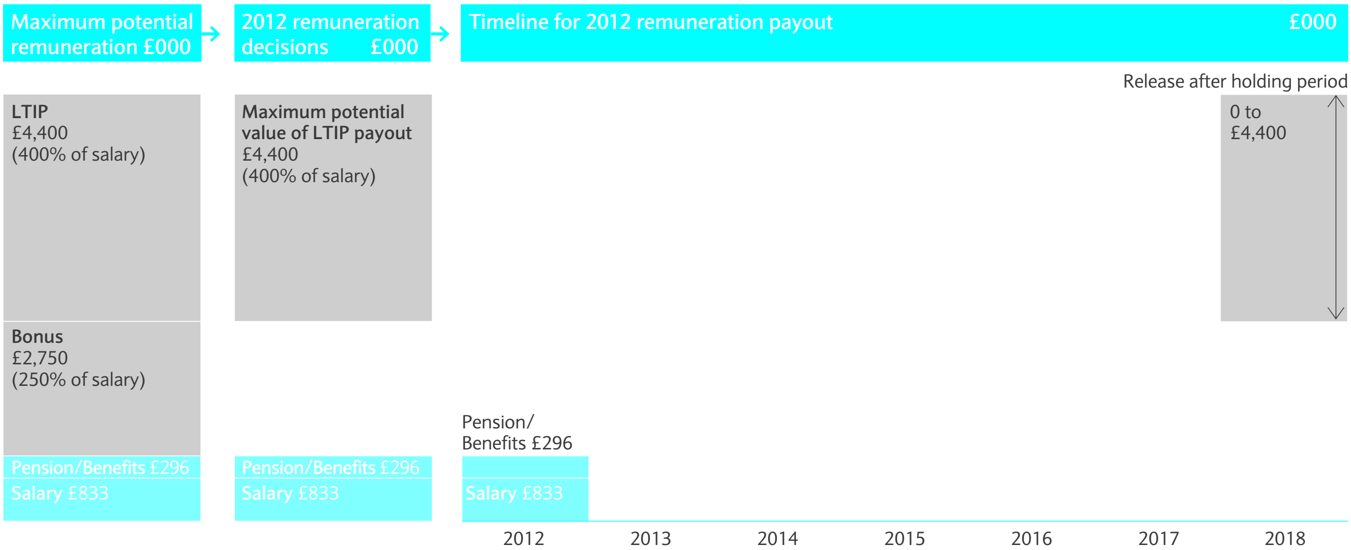
Fixed Remuneration (Salary, Pension, Benefits) **Variable Remuneration** (Annual Bonus, Long Term Incentive Plan Award)

We have shown Antony Jenkins' full remuneration for the whole of 2012 in the interests of clarity and transparency. The LTIP award shown above for 2012 is for the 2013-2015 performance period.

Details of 2012 remuneration	
Salary	The 2012 salary shown above of £0.833m is the salary Antony Jenkins received in respect of the whole of 2012. This reflects a salary in 2012 of £0.7m per annum for Antony's role as CEO of Retail and Business Banking (until 29 August 2012) and £1.1m per annum as Group Chief Executive (from 30 August 2012). The Committee did not increase Antony Jenkins' salary for 2013.
Pension	The 2012 pension value shown above of £0.215m is in respect of the whole of 2012. This reflects participation in the Afterwork pension plan from 1 January 2012 to 31 March 2012, cash in lieu of pension of 21% of salary from 1 April 2012 to 29 August 2012, and cash in lieu of pension of 33% of salary from 30 August 2012. The cash in lieu of pension of 33% reflects market practice for senior executives in comparable roles.
Benefits	Antony Jenkins' benefits include private medical cover, life and ill-health income protection, tax advice, car allowance and the use of a company vehicle and driver when required for business purposes. Antony is not entitled to tax equalisation.
Annual Bonus	The Committee considered Antony Jenkins' performance for the whole of 2012 in the round. It assessed his performance against Group, business (by reference to his previous role as CEO of Retail and Business Banking up to 29 August 2012) and individual measures. In doing so the Committee considered 2012 financial performance, including the highlights which are detailed on page 78. In considering his 2012 performance the Committee considered that Antony Jenkins had delivered strong Retail and Business Banking performance prior to accepting the role of Group Chief Executive at a difficult time for Barclays. Since that time the Committee agreed he has quickly established a leadership profile that differentiates him from predecessors and a commitment to leading the changes required including strengthening the culture and control environment across Barclays. The Committee welcomed Antony Jenkins' contribution to its own work in managing remuneration costs and redressing the balance between employee and shareholder returns. On 1 February 2013 Antony Jenkins announced that he did not wish to be considered for a bonus for 2012, citing his wish to bear an appropriate degree of accountability for multiple issues besetting the bank during the year.
Long Term Incentive Plan 2013-2015	The Committee decided to make an award to Antony Jenkins under the Barclays LTIP for the 2013-2015 performance period with a maximum potential payout value of 400% of his salary at the date of award (not taking into account the potential effect of share price movement between award and any payout). The LTIP maximum value of £4.4m is based on the maximum number of shares that can vest at the end of a performance period of three years. The maximum number of shares is 400% of salary at the start of the performance period divided by the share price at the date the award is made. For the purposes of assessing the 'value at award' of the LTIP (taking into account the range of possible outcomes) Barclays historical approach has been to ascribe a value of one-third of the maximum value assuming no share price movement. So on the basis of this approach the 'value at award' of the maximum LTIP to Antony as shown above is one-third x £4.4m, i.e. £1.467m. For the 2013-2015 Barclays LTIP, performance conditions will be based on financial performance (measured on return on risk weighted assets), risk (measured by loan loss rate) and a balanced scorecard. Any award that vests after three years will be subject to a further two year holding period.

2012 remuneration overview – Antony Jenkins

The chart below shows the maximum value of remuneration possible for 2012 under Antony Jenkins' contract, the maximum potential value of the remuneration actually awarded for 2012, and timing of receipt. The potential value of the 2013-2015 LTIP payout does not take into account share price movement or the value of additional shares which may be added to the number of shares released on vesting to reflect dividends paid during the performance period.



The maximum potential bonus and LTIP award in the first column are based on Antony Jenkins' Group Chief Executive salary of £1.1m.

'BIS single figure' for 2012 remuneration

The Department for Business, Innovation and Skills' (BIS) draft disclosure regulations include a requirement to show a single figure for executive Director remuneration on a basis different to that shown on the opposite page. The 'BIS single figure' basis requires that for LTIPs, rather than including the value of any LTIP awarded in 2013, the payout value of any LTIP whose performance cycle ended in 2012 should be included instead. Accordingly, the table below shows Antony Jenkins' 2012 remuneration on the 'BIS single figure' basis. As Antony Jenkins was not a participant in a previous LTIP cycle that ended in 2012, the LTIP figure is shown as zero and his 2012 total remuneration on the 'BIS single figure' basis is £1.129m.

'BIS single figure' for 2012 total remuneration £000

Salary	Pension	Benefits	Bonus	LTIP	Total
833	215	81	0	0	1,129

Previous Long Term Incentive Plan awards

Antony Jenkins was not a participant in a previous LTIP cycle that ended in 2012. Antony currently holds unvested LTIP awards under the Barclays LTIP for the performance period 2012-2014. Prior to joining the Board, Antony participated in long term incentive plans linked to divisional performance. These divisional plans were not appropriate to his new role as Group Chief Executive and were brought to an end. The equivalent value of these arrangements was made as awards with the same vesting date over Barclays shares under the SVP and the Barclays LTIP for the performance period 2012-2014. These awards are shown in the table on pages 100-101.

2013 objectives

Antony Jenkins' performance objectives for 2013, by which 2013 remuneration decisions will be measured, include Group and individual measures and are both financial and non-financial. In line with the announcements of the outcomes of the Board's Strategic Review that were made on 12 February 2013, Antony is responsible for delivering the Transform commitments and the financial and non-financial commitments made in those announcements. In assessing Antony's performance, the Committee will assess Antony's progress in working towards the 2015 financial targets including:

- Return on equity in excess of cost of equity and improvement in the quality of income and predictability of earnings;
- Reduction in the cost to income ratio;
- Management of the core capital ratio; and
- Improvement in the dividend payout ratio.

Other key actions include a focus on activities which support Barclays customers and clients; growing the UK, US and African franchises; restructuring the European retail and corporate businesses; repositioning the European and Asian equities and Investment Banking Division businesses; closing the Structured Capital Markets tax-related business unit; reducing risk weighted assets and investing in higher return businesses; and reducing operating expenses through a new approach to strategically manage costs. Antony's performance will also be assessed by the Committee by reference to the relationships he builds with internal and external stakeholders, the leadership he provides in driving cultural change, and his success in building a strong compliance and control structure to restore public confidence in Barclays.

Group Finance Director remuneration – Chris Lucas

	Salary £000	+	Pension £000	+	Benefits £000	+	Annual Bonus £000	+	Long Term Incentive Plan Award £000	=	Total Remuneration £000
2012	800		200		34		0		1,067		2,101
2011	800		200		28		1,800		1,333		4,161

Fixed Remuneration (Salary, Pension, Benefits)

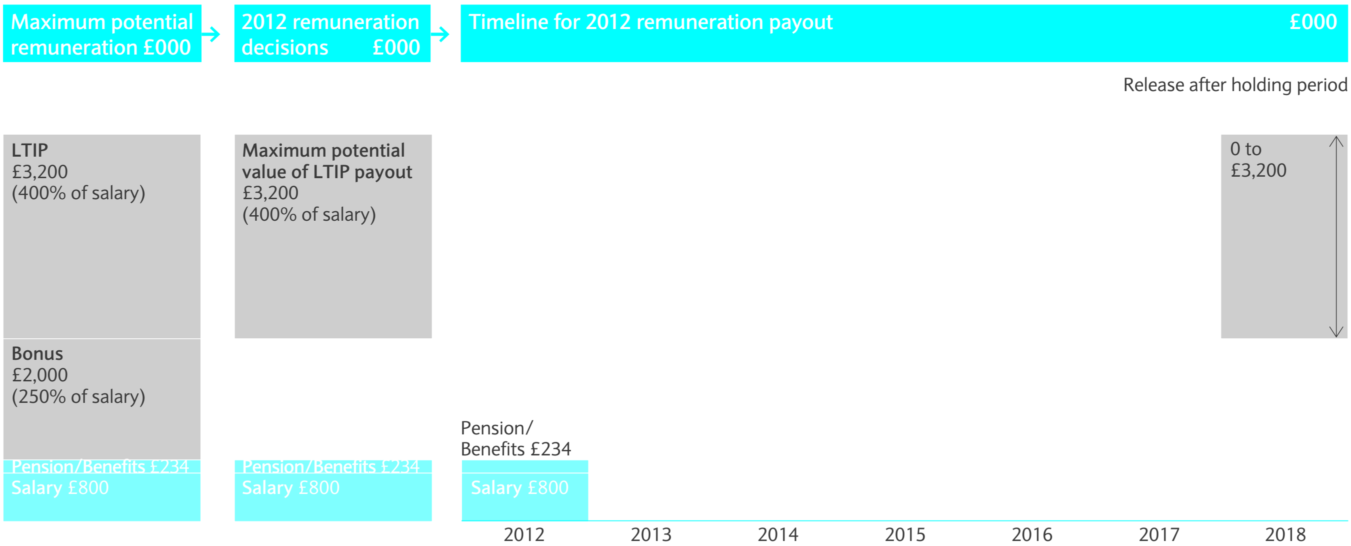
Variable Remuneration (Annual Bonus, Long Term Incentive Plan Award)

The LTIP award shown above for 2012 is for the 2013-2015 performance period and the LTIP award for 2011 is for the 2012-2014 performance period.

Details of 2012 remuneration	
Salary	Chris Lucas' salary for 2012 was £0.8m. The Committee did not increase his salary for 2013.
Pension	As Group Finance Director Chris Lucas is contractually entitled to cash in lieu of pension contributions of 25% of his salary per annum. This reflects market practice for senior executives in comparable roles.
Benefits	Chris Lucas' benefits include private medical cover, life and ill-health income protection, tax advice, car allowance and the use of a company vehicle and driver when required for business purposes. Chris is not entitled to tax equalisation.
Annual Bonus	On 27 June 2012, Chris Lucas agreed with the Board voluntarily to forgo any consideration for a bonus for 2012. This decision was made in the context of settlements reached by Barclays in relation to investigations by UK and US authorities into submissions made by Barclays to the bodies that set various interbank offered rates. In the circumstances the Committee did not consider whether a bonus would be appropriate for 2012 but it did still consider Chris Lucas' performance during the year against Group and individual performance measures. The Committee noted and confirmed the assessment of his line manager, Antony Jenkins, that Chris Lucas had exceeded expectations for the year, contributing positively to the process of change underway since Antony became Group Chief Executive. The Committee noted Chris Lucas' effective execution of Barclays capital planning, his leadership of the finance function and his contribution to the Board's business practices review and medium term planning. In doing so the Committee also considered the 2012 financial highlights as detailed on page 78.
Long Term Incentive Plan 2013-2015	The Committee decided to make an award to Chris Lucas under the Barclays Long Term Incentive Plan for the 2013-2015 performance period with a maximum potential payout value of 400% of his salary at the date of award (not taking into account the potential effect of share price movement between award and any payout). The LTIP maximum value of £3.2m is based on the maximum number of shares that can vest at the end of a performance period of three years. The maximum number of shares is 400% of salary at the start of the performance period divided by the share price at the date the award is made. For the purposes of assessing the 'value at award' of the LTIP (taking into account the range of possible outcomes) Barclays historical approach has been to ascribe a value of one-third of the maximum value assuming no share price movement. So on the basis of this approach the 'value at award' of the maximum LTIP to Chris as shown above is one-third x £3.2m, i.e. £1.067m. The 2013-2015 performance condition for Chris' LTIP is identical to that of Antony Jenkins' 2013-2015 LTIP award as detailed on page 88, as is the subsequent holding period.

2012 remuneration overview – Chris Lucas

The chart below shows the maximum value of remuneration possible for 2012 for Chris Lucas, the maximum potential value of the remuneration actually awarded for 2012, and timing of receipt. The potential value of the 2013-2015 LTIP payout does not take into account share price movement or the value of additional shares which may be added to the number of shares released on vesting to reflect dividends paid during the performance period.



'BIS single figure' for 2012 remuneration

On the Department for Business, Innovation and Skills (BIS) 'single figure' basis (i.e. including the vesting amount of the 2010-2012 PSP and not the value at award of his 2013-2015 LTIP award) Chris Lucas received 2012 total remuneration of £1.677m.

'BIS single figure' for 2012 total remuneration £000	Salary	Pension	Benefits	Bonus	LTIP	Total
	800	200	34	0	643	1,677

Previous Long Term Incentive Plan awards

The Committee considered the vesting and release of shares pursuant to Chris Lucas' 2010-2012 Performance Share Plan (PSP) award. Vesting of the award is subject to Barclays total shareholder return (TSR) growth and return on risk weighted assets (RoRWA) performance over the performance period. Each performance condition operates independently over 50% of the award respectively. For the performance period RoRWA was 0.69%, below the threshold for the RoRWA element of the award to vest. At the end of 2012 Barclays relative TSR performance was ranked fifth out of a peer group of 12. The award was also subject to a discretionary underpin by which the Committee must be satisfied with the underlying financial health of the Group. The Committee was satisfied that this underpin was met, and accordingly determined that the award should vest to the extent of 23% of the maximum number of shares under the total award. The shares are scheduled to vest in March 2013. The value of these shares as at 28 February 2013 is £0.643m as shown in the 'BIS single figure' table above.

Chris Lucas also currently holds unvested LTIP awards under the Barclays LTIP for the performance periods 2011-2013 and 2012-2014. These awards are shown in the table on pages 100-101.

2013 objectives

Chris Lucas' performance objectives for 2013, by which 2013 remuneration decisions will be measured, include Group and individual measures and are both financial and non-financial. As for Antony Jenkins' 2013 performance assessment as detailed on page 89, the Committee will assess Chris' performance in line with delivering the Transform commitments. Chris' 2013 performance will also be assessed by the Committee by reference to driving the control agenda through leading the finance, tax and treasury functions, and building and strengthening relationships with investors, regulators and other stakeholders. Chris' objectives also include ensuring all risk and control frameworks and regulatory requirements are adhered to, and developing financing and liquidity frameworks which are a source of competitive advantage for Barclays.

Executive Directors' shareholdings

From 2013 the Committee has introduced a new requirement that executive Directors should hold Barclays shares worth, as a minimum, four times salary. The current executive Directors have five years from the introduction of this new requirement to meet it (five years from appointment for a new executive Director) and they have a reasonable period to build up to the requirement again if it is not met because of a share price fall. Shares that count towards the requirement are beneficially owned shares including any vested share awards subject to holding periods (including vested LTIPs). Shares from unvested deferred share bonuses and unvested LTIPs do not count towards the requirement. This requirement replaces the previous guidelines and positions Barclays at the higher end of market practice.

The chart below shows the value of Barclays shares held beneficially by Antony Jenkins and Chris Lucas as at 28 February 2013 that count towards the new shareholding requirement.

Executive Director beneficial shareholdings based on share price at 28 February 2013 £000s

The table below provides further details of the executive Directors' shareholdings. The format of this table reflects the Department for Business, Innovation and Skills' draft disclosure regulation requiring disclosure of shares owned beneficially by executive Directors, and shares in which executive Directors have interests which are subject to either deferral terms or performance conditions. The interests shown below that are subject to performance conditions are based on the maximum number of shares that may vest. Further details on the executive Directors' outstanding long term awards and shareholdings are shown on pages 100-101.

Executive Director shareholdings at 28 February 2013

	Number of shares	
	Antony Jenkins	Chris Lucas
Held beneficially (counting towards shareholding requirement)	1,580,856	912,830
Additional shares from unvested awards:		
those subject to deferral but not performance conditions	4,495,937	1,155,479
those subject to performance conditions (maximum number of shares)	2,319,062	4,902,118

Former Chief Executive – Bob Diamond

Bob Diamond stepped down as Chief Executive and from the Boards of Barclays PLC and Barclays Bank PLC on 3 July 2012. Following this, the Board of Barclays PLC and Bob Diamond reached agreement on the terms of his termination of employment with the Barclays Group.

Pursuant to this agreement, and in line with his contract of employment, Bob Diamond will continue to receive salary, pension allowance and other benefits until the end of his notice period. The salary and pension allowance will be paid in a lump sum at the end of the notice period. The notice period will end on 2 July 2013 unless the employment termination date is brought forward by Bob Diamond with the agreement of Barclays. The other benefits include private medical insurance, life and disability cover, accommodation while in the UK, tax advice, the use of a company vehicle or the cash equivalent, and the use of a company driver when required for business purposes. In the event of an earlier cessation of employment, payments in respect of salary, pension allowance and other benefits will only be made up to the employment termination date.

Bob Diamond voluntarily waived all of his unvested deferred bonus awards and long term incentive share awards and no compensation was paid to him in respect of these. These awards had an estimated value of £19.9m on 3 July 2012. Bob Diamond was not considered for an annual bonus for 2012 and he will not receive any future bonus or long term incentive awards.

In accordance with his contract of employment, Bob Diamond was tax equalised during 2012 on tax above the UK rate where that could not be offset by a double tax treaty. He is not entitled to tax equalisation for income in respect of any period after 3 July 2012.

Further details on Bob Diamond's remuneration can be found on pages 98-101.

2012 remuneration for non-executive Directors

This section provides details of the fees provided to non-executive Directors during 2012 and details of their letters of appointment.

Remuneration for non-executive Directors reflects their responsibility and time commitment and the level of fees paid to non-executive directors of comparable major UK companies.

2012 fees for the Chairman and non-executive Directors (audited)

	Fees £000	Benefits £000	2012 Total £000	2011 Total £000
Chairman				
Sir David Walker	167	6	**173**	–
Non-executive Directors				
David Booth	170	–	**170**	145
Tim Breedon	18	–	**18**	–
Fulvio Conti	110	–	**110**	105
Simon Fraser	140	–	**140**	130
Reuben Jeffery III	105	–	**105**	98
Sir Andrew Likierman	135	–	**135**	127
Dambisa Moyo	120	–	**120**	105
Sir Michael Rake	220	–	**220**	188
Sir John Sunderland	161	–	**161**	132
Alison Carnwath	114	–	**114**	158
Marcus Agius	750	1	**751**	751
Total	2,210	7	**2,217**	1,939

1. Sir David Walker was appointed to the Board as a non-executive Director with effect from 1 September 2012 and as Chairman from 1 November 2012. He received fees for the period 1 September 2012 to 31 October 2012 at the rate of £250,000 per annum, and from 1 November 2012 at the rate of £750,000 per annum. Sir David is also entitled to private medical cover and the use of a company vehicle and driver when required for business purposes.
2. Tim Breedon joined the Board as a non-executive Director on 1 November 2012.
3. Alison Carnwath resigned from the Board as a non-executive Director with effect from 24 July 2012.
4. Marcus Agius announced his intention to step down as Chairman and as a non-executive Director on 2 July 2012. On 3 July 2012, following the resignation of Bob Diamond, the Board agreed that Marcus Agius would become full-time Chairman and lead the search for a new Chief Executive as well as chair the Group Executive Committee. Marcus' appointment as a non-executive Director and Chairman subsequently terminated on 31 October 2012. In accordance with his appointment letter, Marcus Agius was paid his monthly fee as non-executive Director and Chairman for the remainder of his notice period up to 1 January 2013. Accordingly the fees and benefits shown in the table above are for the whole of 2012. No other payments were made in connection with his resignation.
5. Marcus Agius was appointed as a senior advisor providing corporate advisory support to Barclays Corporate Banking with effect from 1 November 2012. He is entitled to a fee for this role at the rate of £175,000 per annum. This fee was not paid for the period of 1 November 2012 to 1 January 2013. He is also eligible for medical cover. The appointment will be reviewed after 12 months in the light of business generated.

Letters of appointment

The Chairman and non-executive Directors have individual letters of appointment. The effective dates of the letters of appointment are shown in the table below. All current non-executive Directors with the exception of Sir Andrew Likierman will be standing for re-election at the 2013 Annual General Meeting.

Effective dates of letters of appointment

	Effective date
Chairman	
Sir David Walker	1 September 2012 (non-executive Director), 1 November 2012 (Chairman)
Non-executive Directors	
David Booth	1 May 2007
Tim Breedon	1 November 2012
Fulvio Conti	1 April 2006
Simon Fraser	10 March 2009
Reuben Jeffery III	16 July 2009
Sir Andrew Likierman	1 September 2004
Dambisa Moyo	1 May 2010
Sir Michael Rake	1 January 2008
Sir John Sunderland	1 June 2005
Alison Carnwath	1 August 2010 (until 24 July 2012)
Marcus Agius	1 January 2007 (until 31 October 2012)

Remuneration Committee

Role, membership and activities of Barclays Board Remuneration Committee

This section explains how the Committee discharges its responsibilities, and gives details of the Committee's membership, its terms of reference and its activity during 2012.

Board Remuneration Committee

Chairman and members

(all current members are considered independent by the Board)

- Sir John Sunderland, Committee member since 1 July 2005, Committee Chairman since 24 July 2012
- Sir David Walker, Committee member since 1 September 2012
- Simon Fraser, Committee member since 1 May 2009
- David Booth, Committee member since 1 July 2012
- Tim Breedon, Committee member since 1 December 2012
- Alison Carnwath stood down as Committee Chairman with effect from 24 July 2012
- Marcus Agius stood down as a Committee member with effect from 12 July 2012

Committee attendance in 2012

	Meetings eligible to attend
Sir John Sunderland	●●●●●●●
Sir David Walker	●●
Simon Fraser	●●●●●●●
David Booth	●●●●
Tim Breedon	●
Alison Carnwath	●●●●●
Marcus Agius	●●●

● Attended ○ Did not attend

Remit

- The Committee exercises oversight of remuneration as described in more detail below

Terms of Reference

- The Committee is responsible for setting the over-arching objectives, principles and parameters of remuneration policy across the Group
- It has specific responsibility for approving remuneration of executive Directors, members of the Group and business Executive Committees, Code Staff and any other employees with total remuneration of £1m or more
- It considers and approves buy-outs of forfeited rights for new hires of £1m or more, and packages on termination where the total value is £1m or more
- The Committee also reviews the policy relating to all remuneration schemes including pensions, and considers and approves policies to promote the alignment of the interests of shareholders and employees. It is also responsible for the selection and appointment of remuneration consultants. The Terms of Reference are at www.group.barclays.com/about-barclays/about-us/the-board-committees or from the Company Secretary on request

Number of meetings

- Normally four or five scheduled meetings per year
- Seven meetings were held during 2012

External advisors

- The Committee takes into account independent advice and appraisals of latest market data when considering incentive levels and remuneration packages against the background of its policy of not paying more than is necessary. Towers Watson advised the Committee in 2011 and up to February 2012, and was re-appointed as its independent advisor in October 2012. Towers Watson also provides remuneration data to the Group and pensions advice and administration services to the Barclays Bank UK Retirement Fund. The advice provided by Towers Watson to the Committee is independent. Towers Watson is a signatory to, and its continuing appointment as adviser to the Committee is conditional on adherence to, the voluntary UK Code of Conduct for executive remuneration consultants
- Johnson Associates, Inc. provided advice to the Committee between February 2012 and October 2012

Internal input

- Group Chief Executive and, as necessary, members of the Executive Committee
- Company Secretary
- Human Resources Director
- Reward and Performance Director
- Regular updates on Group and business financial performance and the Group's risk profile were provided by the Group Finance Director and Chief Risk Officer respectively
- No Barclays employee or Director participates in discussions or decisions of the Committee relating to his or her own remuneration

Remuneration Committee activities in 2012

The following provides a summary of the Committee's activities during 2012 and during the January and February 2013 meetings when 2012 remuneration decisions were finalised. The performance of the Committee is reviewed each year as part of the Board Effectiveness Review. This year's review concluded that the Committee continues to operate effectively. There was a diminution in overall score partly as a result of the increase in votes against the 2011 remuneration report. In discharging its responsibilities for executive Director remuneration, as well as considering the 2012 remuneration decisions outlined in this report, the Committee exercised its discretion in relation to the terms of Bob Diamond's termination of employment and the terms of Antony Jenkins' appointment as Group Chief Executive.

Board Remuneration Committee activities	
February 2012	▪Final 2011 incentive funding ▪Executive Director and senior executive remuneration ▪Risk adjustment and malus ▪2011 Remuneration Report ▪Update on international mobility ▪Review of payround analytics
March & May 2012	▪Review of Committee effectiveness ▪Review of Committee's Terms of Reference ▪Compensation trend analysis ▪Barclays LTIP review ▪Employee opinion survey update
July 2012 (2 meetings)	▪Lookback on 2011/12 payround and initial 2012 incentive projections ▪Remuneration of senior individuals
October 2012	▪Appointment of external Committee advisor ▪Update on pension and benefits ▪Forecast 2012 incentive funding ▪Operation of malus ▪FSA Remuneration Policy Statement and Code Staff ▪Update on all employee share plans
December 2012	▪Approach to executive Director pensions ▪2012 incentive funding proposals ▪Initial considerations on senior executive remuneration ▪Barclays LTIP 2013 design ▪Update on Absa Remuneration Committee activity
January & February 2013	▪Final 2012 incentive funding ▪Executive Director and senior executive remuneration ▪Revised remuneration policy and 2012 Remuneration Report ▪Risk adjustment and malus ▪Compensation projections ▪Update on international mobility ▪Review of payround analytics

Regular items: finance and risk reports; market and stakeholder updates including FSA, US Federal Reserve and other regulatory matters; LTIP performance updates; hiring and leaver updates.

Shareholder engagement

The Committee was concerned at the disappointing level of support for last year's remuneration report. At the April 2012 Annual General Meeting 73% of the votes cast were in favour of the 2011 report, while 27% were against. The Committee is resolute in seeking to receive significantly more votes in favour of this report at the 2013 Annual General Meeting.

The decisions we have made for 2012 and the policies we have set for 2013 and beyond show that determination. We recognise that remuneration is an area of particular interest to shareholders and that in setting and considering changes to remuneration policy we must take into account their views. Accordingly, a series of meetings were held in 2012 and early 2013 with major corporate shareholders and shareholder representative groups (including the Association of British Insurers, National Association of Pension Funds and ISS). The Committee Chairman attended these meetings, accompanied by senior Barclays employees (including the Reward and Performance Director and the Company Secretary). Matters discussed included executive Director remuneration, the Barclays LTIP for 2013 and the enhancement of executive shareholding requirements. Discussions also covered total compensation and incentive costs, and strategic matters such as remuneration strategy and the allocation of distributable earnings between shareholders and employees. The Committee notes that shareholder views on some matters are not always unanimous, but values the insight and engagement that these interactions and the expression of sometimes different views provide. This engagement is not cosmetic. It has contributed directly to the decisions made by the Committee for 2012 and for 2013.

Additional remuneration disclosures

2012 total remuneration of the eight highest paid senior executive officers below Board level

The table below shows the details of salary, bonus for 2012 and the value at award of 2013 long term incentive awards for the eight highest paid senior executive officers below Board level who were Key Management Personnel in 2012. Total incentives (i.e. bonus and the value at award of LTIP awards) for the 'top eight' in aggregate for 2012 reduced by 49% compared to total incentives for the 'top eight' in aggregate for 2011.

Eight highest paid senior executive officers below Board level

	1 2012 £000	2 2012 £000	3 2012 £000	4 2012 £000	5 2012 £000	6 2012 £000	7 2012 £000	8 2012 £000
Salary	700	600	400	600	758	400	700	518
Current year cash bonus	0	460	350	280	379	240	0	0
Current year share bonus	0	460	350	280	379	240	0	0
Deferred cash bonus	1,125	690	525	420	569	360	0	0
Deferred share bonus	1,125	690	525	420	569	360	0	0
Total of salary and bonus	**2,950**	**2,900**	**2,150**	**2,000**	**2,654**	**1,600**	**700**	**518**
Long term incentive award	800	800	800	800	0	800	800	779
Total remuneration	**3,750**	**3,700**	**2,950**	**2,800**	**2,654**	**2,400**	**1,500**	**1,297**

Total remuneration of the employees in the Barclays Group

The table below shows the number of employees in the Barclays Group in 2011 and 2012 in bands by reference to total remuneration. Total remuneration comprises salary, bonus and the value at award of LTIP awards.

Total remuneration of the employees in the Barclays Group

	Number of employees	
Total remuneration band	2012	2011
£0 to £25,000	**71,581**	77,483
£25,001 to £50,000	**37,300**	33,126
£50,001 to £100,000	**22,766**	21,424
£100,001 to £250,000	**10,158**	10,305
£250,001 to £500,000	**2,440**	2,518
£500,001 to £1,000,000	**910**	942
£1,000,001 to £2,500,000	**373**	388
£2,500,001 to £5,000,000	**50**	68
£5,000,001 and above	**5**	17

Code Staff remuneration

Code Staff are the members of the Barclays PLC Board and Barclays employees whose professional activities could have a material impact on the Group's risk profile. A total of 393 individuals were Code Staff in 2012 (2011: 238).

Code Staff aggregate 2012 remuneration by business						£m
	Investment Bank	Corporate Banking	Wealth and Investment Management	Retail & Business Banking	Absa	Group Functions
	412	11	41	32	8	36

Code Staff aggregate 2012 remuneration by remuneration type		£m
	Senior management	Other Code Staff
Salary	10	93
Current year cash bonus	2	27
Current year share bonus	2	15
Deferred cash bonus	4	186
Deferred share bonus	4	188
Total	**22**	**509**
Long term incentive award	8	1

Value of long term incentive awards is the value at award.

Code Staff deferred remuneration		£m
	Senior management	Other Code Staff
Deferred unvested remuneration outstanding at 31 December 2011	**129**	**578**
Impact of Code Staff leaving during 2011 or joining in 2012	(1)	479
Deferred unvested remuneration outstanding at 1 January 2012	**128**	**1,057**
Deferred remuneration awarded in 2012	47	535
Deferred remuneration reduced in 2012 through performance adjustments	(46)	(55)
Deferred remuneration vested in 2012	(29)	(391)
Deferred unvested remuneration outstanding at 31 December 2012	**100**	**1,146**

There was no deferred vested remuneration outstanding at the end of 2012.

Code Staff joining and severance payments		£m
	Senior management	Other Code Staff
Total sign-on awards (three individuals)	0	1
Total buy-out awards (five individuals)	0	2
Total severance awards (five individuals) (highest individual award £1m)	0	2

'Senior management' means members of the Barclays PLC Board and senior managers as defined in the FSA's Remuneration Code. Code Staff are subject to a minimum shareholding guideline and 2012 share bonuses awarded to Code Staff are subject to a six month holding period following vesting.

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Statutory remuneration disclosures

This page and pages 99-103 provide details of executive Directors' remuneration in line with current UK directors' remuneration disclosure requirements. Accordingly the figures shown in the tables on pages 98-99 for Antony Jenkins and for Bob Diamond are, unless otherwise stated, only for the period during which they served as executive Directors. Antony Jenkins' full year 2012 remuneration is shown on pages 88-89.

Executive Directors - total remuneration (audited)

	Antony Jenkins	Chris Lucas		Bob Diamond	
	2012 £000	2012 £000	2011 £000	2012 £000	2011 £000
Salary	**373**	**800**	800	**685**	1,350
Current year cash bonus	**0**	**0**	0	**0**	0
Current year share bonus	**0**	**0**	0	**0**	0
Deferred cash bonus	**0**	**0**	0	**0**	0
Deferred share bonus	**0**	**0**	1,800	**0**	2,700
Total of salary and bonus	**373**	**800**	**2,600**	**685**	**4,050**
Long term incentive award	**1,467**	**1,067**	1,333	**0**	2,250
Total remuneration	**1,840**	**1,867**	**3,933**	**685**	**6,300**

Antony Jenkins became an executive Director on 30 August 2012. The figure shown above for 2012 salary is for the period from 30 August 2012 to 31 December 2012. Antony Jenkins was a member of the boards of Absa Group Limited and Absa Bank Limited during 2012. The directors fees for the Absa board positions were paid to Barclays not Antony Jenkins. Bob Diamond ceased to be an executive Director on 3 July 2012. The figure shown above for 2012 salary is for the period from 1 January 2012 to 3 July 2012. In addition, Bob Diamond is entitled to salary for the period from 4 July 2012 to the date of termination of his employment (no later than 2 July 2013) at the rate of £1.35m per annum. This is payable in a lump sum at the end of his notice period.

Executive Directors - 2012 and 2013 salary

	Salary at 31 December 2012 £000	Salary at 1 April 2013 £000	Date of previous increase
Antony Jenkins	1,100	1,100	30 August 2012
Chris Lucas	800	800	1 April 2010

Bob Diamond's salary as an executive Director was £1.35m per annum (date of previous increase was 1 January 2011).

Executive Directors - Pension (audited)

	Age at 31 December 2012	Completed years of service	Accrued pension at 31 December 2012 £000	Transfer value of accrued pension at 31 December 2011 £000	Transfer value of accrued pension at 31 December 2012 £000	Increase in transfer value during 2012 £000	2012 cash in lieu of pension £000
Antony Jenkins	**51**	**12**	**3**	190	**232**	**42**	**123**
Chris Lucas	**52**	**5**	**–**	–	**–**	**–**	**200**
Bob Diamond	**61**	**15**	**61**	599	**678**	**79**	**343**

Antony Jenkins left the UK pension scheme on 1 April 2012, and started receiving cash in lieu of pension. He was appointed as an executive Director on 30 August 2012, and the 2012 cash in lieu of pension shown above is for the period 30 August 2012 to 31 December 2012. The accrued pension shown above relates to his 1964 section pension only, whereas the transfer values include a further defined benefit (cash balance) earned in the Afterwork pension section. The main reasons for the increase in transfer value during 2012 are changes to the underlying financial assumptions. Antony Jenkins' accrued pension increased during 2012 due to inflation.

Bob Diamond ceased to be an executive Director on 3 July 2012. The 2012 cash in lieu of pension shown above is for the period 1 January 2012 to 3 July 2012. From 4 July 2012 until the date of termination of his employment (no later than 2 July 2013), he is entitled to cash in lieu of pension (at a rate of £675,000 per annum). This will be paid in a lump sum at the end of his notice period. Bob Diamond ceased to be an active member of Barclays US defined benefit and contribution plans as at 31 December 2010. The increase in the transfer value during 2012 is primarily due to changes in US financial assumptions and being one year closer to retirement age. Bob Diamond's accrued pension increased during 2012 due to exchange rate fluctuations.

Executive Directors - Benefits (audited)

	2012 £000	2011 £000
Antony Jenkins	**19**	–
Chris Lucas	**34**	28
Bob Diamond	**262**	474

The figure shown above for Antony Jenkins is for the period from 30 August 2012 to 31 December 2012. The figure shown above for 2012 benefits for Bob Diamond is for the period from 1 January 2012 to 3 July 2012. In addition, Bob Diamond is entitled to benefits for the period from 4 July 2012 to the date of termination of his employment (no later than 2 July 2013). The total benefits for the period 4 July 2012 to 2 July 2013 are expected to be £0.4m.

Executive Directors - Tax equalisation (audited)

	2012 £000	2011 £000
Antony Jenkins	**–**	–
Chris Lucas	**–**	–
Bob Diamond	**602**	5,745

Bob Diamond was tax equalised on tax above the UK tax rate where that cannot be offset by a double tax treaty. The 2012 tax equalisation cost is in respect of income for the period up to 3 July 2012. Bob Diamond is not entitled to tax equalisation for income in respect of any period after 3 July 2012.

Executive Directors - total of salary, current year bonus, cash in lieu of pension and benefits (audited)

	2012 £000	2011 £000
Antony Jenkins	**515**	–
Chris Lucas	**1,034**	1,028
Bob Diamond	**1,290**	2,499

The total for 2012 for Bob Diamond including tax equalisation is £1.892m which is the sum of £1.29m shown above and gross costs of tax equalisation of £0.602m (2011 total including 2011 tax equalisation: £8.244m).

Executive Directors - outstanding share plan and long term incentive plan awards (audited)	Number of shares under award/option at 1 January 2012 (maximum)	Number of shares awarded in year (maximum)	Market price on award date	Weighted average exercise price	Number of shares released/exercised
Antony Jenkins					
Executive Share Award Scheme	10,905	–	–	–	3,853
Barclays LTIP 2012-2014	–	1,052,347	£1.81	–	–
Barclays LTIP 2012-2014	–	1,266,715	£1.86	–	–
Share Value Plan 2010	824,282	–	£3.55	–	412,141
Share Value Plan 2011	428,055	–	£2.88	–	142,685
Share Value Plan 2012	–	1,796,137	£2.53	–	–
Share Value Plan 2012	–	1,995,237	£1.86	–	–
Incentive Share Plan 2009	166,463	–	£2.34	–	166,463
Chris Lucas					
PSP 2009-2011	1,598,046	–	£2.34	–	1,118,632
PSP 2010-2012	927,318	–	£3.55	–	–
Sharesave 2007	3,735	–	–	£4.70	–
Sharesave 2012	–	6,250	–	£1.44	–
Executive Share Award Scheme	646,762	–	–	–	–
Share Value Plan 2011	195,439	–	£2.76	–	65,146
Share Value Plan 2012	–	736,877	£2.53	–	–
Barclays LTIP 2011-2013	1,447,701	–	£2.76	–	–
Barclays LTIP 2012-2014	–	2,158,661	£1.81	–	–
Bob Diamond					
PSP 2010-2012	5,563,902	–	£3.55	–	–
Incentive Share Option Plan	472,328	–	–	£3.96	–
Executive Share Award Scheme	246,141	–	–	–	48,679
Share Value Plan 2011	850,524	–	£2.76	–	283,508
Share Value Plan 2012	–	1,105,316	£2.53	–	–
Barclays LTIP 2011-2013	2,442,996	–	£2.76	–	–
Barclays LTIP 2012-2014	–	3,642,741	£1.81	–	–

The interests shown in the table above are the maximum number of Barclays shares that may be received under each plan. Executive Directors do not pay for any share plan or long term incentive plan awards. Numbers shown for Executive Share Award Scheme (ESAS) represent provisional allocations that have been awarded and may also include shares under option as at 31 December 2012. Nil cost options are normally granted under mandatory ESAS awards at the third anniversary of grant and are exercisable (over initial allocation and two thirds of bonus shares) typically for two years. The aggregate exercise price of a nil cost option is £1. At the fifth anniversary of the provisional allocation the nil cost options normally lapse and the shares (including bonus shares) are released at the discretion of the ESAS trustee. Chris Lucas held nil cost options over 43,077 shares under ESAS as at 31 December 2012. These were granted in 2011. The first and last exercise dates are 1 March 2011 and 19 March 2013 respectively. Antony Jenkins received 634 dividend shares from ESAS awards released in 2012, 22,949 dividend shares from SVP awards released in 2012 and 9,114 dividend shares from the Incentive Share Plan award released in 2012 (market price on release date was £2.36). Chris Lucas received 61,242 dividend shares from the PSP award released in 2012 (market price on release date was £2.36) and 1,544 dividend shares from the SVP award released in 2012 (market price on release date was £2.03). Bob Diamond received 8,012 dividend shares from ESAS

Executive Directors - outstanding Contingent Capital Plan (CCP) awards and Cash Value Plan awards (audited)	Value under award at 1 January 2012 (maximum) (£000)	Value awarded in year (maximum) (£000)	Value paid in year (£000)	Value lapsed in year (£000)	Value under award at 31 December 2012 (maximum) (£000)	First scheduled release date	Last scheduled release date
Antony Jenkins							
Contingent Capital Plan 2011	1,350	–	450	–	900	15/03/2012	15/03/2014
Cash Value Plan 2012	–	2,250	–	–	2,250	18/03/2013	16/03/2015
Chris Lucas							
Contingent Capital Plan 2011	540	–	180	–	360	23/05/2012	23/05/2014
Bob Diamond							
Contingent Capital Plan 2011	2,350	–	783	1,567	–	–	–

Deferred cash bonuses granted under CCP in 2011 and CVP in 2012 are dependent on future service and vest subject to malus conditions. The vesting of CCP awards is subject to the condition that the Core Tier 1 ratio is equal to or exceeds 7%. On the vesting of CCP awards, a 'coupon' may be added which for the awards shown is 7% on the award amount (on an annualised and non-compounded basis). In addition to the values paid in year shown in the table above, a coupon of 7% was paid on the CCP amounts paid in 2012. Executive Directors do not pay for CCP awards. On the vesting of CVP awards, a 'service credit' may be added on the third and final vesting amount which for the award shown is 10% on the award amount. Antony Jenkins received the CVP award as part of his 2011 bonus, which was awarded in respect of performance in his role as CEO of Retail and Business Banking. He did not pay for the award.

Market price on release/exercise date	Number of shares lapsed in 2012	Number of shares under award/option at 31 December 2012 (maximum)	Vested number of shares under option	Value of release/exercise (£000)	End of three year performance period, or first exercise/scheduled release date	Last exercise/ scheduled release date
£2.356	–	7,052	–	9	20/03/2011	18/03/2013
–	–	1,052,347	–	–	31/12/2014	25/05/2015
–	–	1,266,715	–	–	31/12/2014	25/05/2015
£2.356	–	412,141	–	971	01/03/2011	18/03/2013
£2.356	–	285,370	–	336	12/03/2012	15/03/2014
–	–	1,796,137	–	–	18/03/2013	16/03/2015
–	–	1,995,237	–	–	17/03/2014	16/03/2015
£2.356	–	–	–	392	–	–
£2.356	479,414	–	–	2,635	–	–
–	–	927,318	–	–	31/12/2012	18/03/2013
–	–	3,735	–	–	01/11/2014	30/04/2015
–	–	6,250	–	–	01/11/2015	30/04/2016
–	–	646,762	40,621	–	01/03/2011	16/03/2015
£2.028	–	130,293	–	132	08/05/2012	06/05/2014
–	–	736,877	–	–	18/03/2013	16/03/2015
–	–	1,447,701	–	–	31/12/2013	06/05/2014
–	–	2,158,661	–	–	31/12/2014	25/05/2015
–	5,563,902	–	–	–	–	–
–	123,216	349,112	349,112	–	14/03/2006	22/03/2014
£2.356	197,462	–	–	115	–	–
£2.028	567,016	–	–	575	–	–
–	1,105,316	–	–	–	–	–
–	2,442,996	–	–	–	–	–
–	3,642,741	–	–	–	–	–

awards released in 2012 (market price on release date was £2.36) and 6,721 dividend shares from the SVP award released in 2012 (market price on release date was £2.03). The options held at 31 December 2012 by Bob Diamond under the Incentive Share Option Plan vested in 2006 and 2007. With the exception of Chris Lucas' SVP 2012 award, SVP awards do not have performance conditions as the awards are deferred share bonuses. Vesting of SVP awards is dependent on future service and subject to malus conditions. The vesting of 50% of each tranche of Chris Lucas' SVP 2012 award is subject to the condition that on vesting return on equity exceeds cost of equity. The vesting of 50% of the second and third tranches of Chris Lucas' SVP 2012 award are also subject to the Committee being satisfied with progress against the FSA's capital targets. The highest and lowest Barclays share prices during 2012 were £2.66 and £1.50 respectively; the share price on 31 December 2012 was £2.62. In relation to Chris Lucas' PSP 2009-2011 award, the RoRWA performance measure was met and the TSR performance measure was partially met. The Committee also considered the underpin and was satisfied with the underlying health of the Group after considering economic profit and profit before tax on a cumulative basis over the three year performance period. As a result, the award vested in March 2012 at 2.1 times the initial award (maximum was three times).

Executive Directors - outstanding long term incentive plans performance conditions

Plan	Performance period	Performance period measure	Target	Underpin	Actual performance
Barclays LTIP	2012-2014	60% of award calibrated against RoRWA (excluding own credit)	23% of award vests for average annual RoRWA percentage of 1.1% over the performance period. Maximum of 60% vests for average annual RoRWA of 1.6%. Vesting on a straight line basis in between	Following the determination of the RoRWA vesting percentage, if the Committee is satisfied with underlying Group financial health (based on cumulative profit before tax excluding own credit) it may, at its discretion, adjust the percentage of award up or down by up to five vesting percentage points (subject to the maximum of 60% for the award calibrated against RoRWA)	To be determined at vesting in May 2015
		30% of award calibrated against loan loss rate	10% of award vests for average annual loan loss rate of 93bps over the performance period. Maximum of 30% vests for 70bps or below. Vesting on a straight line basis in between		
		10% of award calibrated against Citizenship metrics	Performance against the Barclays Citizenship strategy is assessed by the Committee to determine the percentage of the award that may vest between 0% and 10%		
Barclays LTIP	2011-2013	60% of award calibrated against RoRWA	23% of award vests for average annual RoRWA percentage of 1% over the performance period. Maximum of 60% vests for average annual RoRWA of 1.5%. Vesting on a straight line basis in between	Following the determination of the RoRWA vesting percentage, the Committee may take into account profit before tax over the performance period and may, at its discretion, adjust the percentage of award up or down by up to five vesting percentage points (subject to the maximum of 60% for the award calibrated against RoRWA)	To be determined at vesting in May 2014
		30% of award calibrated against loan loss rate	10% of award vests for average annual loan loss rate of 95bps over the performance period. Maximum of 30% vests for 81bps or below. Vesting on a straight line basis in between		
		10% of award calibrated against sustainability metrics	Performance against the sustainability metrics is assessed by the Committee to determine the percentage of the award that may vest between 0% and 10%		
PSP	2010-2012	50% of award calibrated against a relative TSR performance condition	33% of maximum award released for above median performance (6th place) with 100% released in 1st place and a scaled basis in between	Committee must be satisfied with the underlying financial health of the Group after considering economic profit and profit before tax on a cumulative basis over the three year period	Details of actual performance are shown on page 91
		50% of award calibrated against average RoRWA	17% of maximum award released for 0.83% scaled to a maximum award at 1.46%		

PSP TSR peer group: UK: HSBC; Europe: Banco Santander, BBVA, BNP Paribas, Credit Suisse, Deutsche Bank, Societe Generale, Unicredit; US: Bank of America, JP Morgan Chase, Morgan Stanley.

Executive Directors - interests in Barclays PLC shares

	Number of shares at 1 January 2012		Number of shares at 31 December 2012	
	Beneficial	Non-beneficial	Beneficial	Non-beneficial
Antony Jenkins	1,580,334	–	1,580,856	–
Chris Lucas	297,467	–	912,830	–

Interests shown for Antony Jenkins in the columns for 1 January 2012 are as at 30 August 2012 (the date he joined the Board). Beneficial interests include shares held either directly or through a nominee, spouse, or children under 18. They include interests held through Sharepurchase. Non-beneficial interests include any interests in shares where an executive Director holds the legal but not beneficial interest. There were no changes in the beneficial and non-beneficial interests in the period from 31 December 2012 to 28 February 2013.

Non-executive Directors - interests in Barclays PLC shares

	At 1 January 2012 total beneficial interests	At 31 December 2012 total beneficial interests	At 28 February 2013 total beneficial interests
Chairman			
Sir David Walker	–	77,303	81,904
Non-executive Directors			
David Booth	82,867	92,061	94,550
Tim Breedon	–	2,000	2,655
Fulvio Conti	48,500	58,015	60,978
Simon Fraser	79,514	87,970	90,637
Reuben Jeffery III	72,174	124,468	128,148
Sir Andrew Likierman	32,329	40,320	42,835
Dambisa Moyo	7,798	16,566	19,232
Sir Michael Rake	35,213	42,825	45,211
Sir John Sunderland	88,058	95,815	98,302

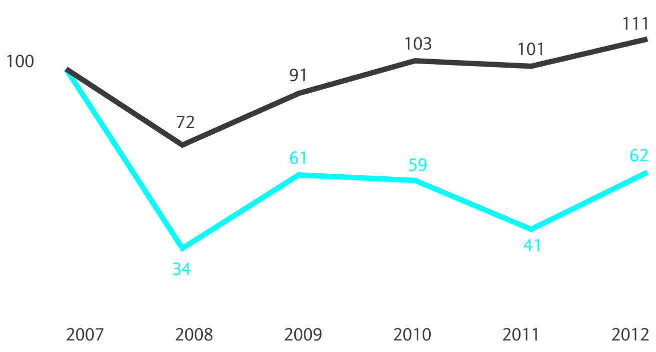
Beneficial interests shown for Sir David Walker and Tim Breedon in the column for 1 January 2012 are as at 1 September 2012 and 1 November 2012 respectively (the dates they joined the Board). Reuben Jeffery III's beneficial interest as at 31 December 2012 comprised 25,000 American Depositary Shares and 24,468 Barclays shares, and as at 28 February 2013 comprised 25,000 American Depositary Shares and 28,148 Barclays shares. Except as described in this note, there were no changes to the total beneficial interests of the non-executive Directors in the period from 31 December 2012 to 28 February 2013.

Total shareholder return

The graph below shows the value, at 31 December 2012, of £100 invested in Barclays on 31 December 2007 compared with the value of £100 invested in the FTSE 100 Index. The other points plotted are the values at intervening financial year ends. The FTSE 100 Index is a widely recognised performance comparison for large UK companies and this is why it has been chosen as a comparator to illustrate Barclays total shareholder return.

Total shareholder return

Year ended 31 December £



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Source: Datastream

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